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LAST ISSUE

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LAST ISSUE

Latin America

FBIS-LAT-96-137
Tuesday
16 July 1996

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Daily Report
Latin America

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Inter-American Affairs: C.A. Presidents Support Samper

PA1307200696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 13 Jul 96

[From the "Midday Newscast"]

[FBIS Translated Text] The Central American bloc of countries and Chile have just expressed their support for President Ernesto Samper Pisano in regard to the U.S. decision to cancel his visa to enter the United States. Caracol has just learned of a declaration made by the presidents of Costa Rica, Chile, El Salvador, Guatemala, and Honduras, in addition to the vice president of Nicaragua and the representative of the prime minister of Belize during a meeting in San Jose, Costa Rica, site of the meeting of the presidents of Central America and Chile.

One of the most significant parts of the communique for Colombia states: Colombia's democratic institutions must be respected, because the Colombian Congress has cleared President Samper of all guilt; therefore, because of the severity of the alleged actions offered as proof to support this decision, it is imperative that the U.S. Government offer the evidence used to sustain its decision at the disposition of the appropriate organizations.

The declaration continues: Because of the aforementioned, it manifests its concern and unconformity with the measure, as well as its confidence that Colombia and the United States may overcome their current differences.

The communique was signed in San Jose, Costa Rica, by Costa Rican President Jose Maria Figueres; Chilean President Eduardo Frei Ruiz-Tagle; Salvadoran President Armando Calderon Sol; Guatemalan President Alvaro Arzu Irigoyen; Honduran President Carlos Roberto Reina, Nicaraguan Vice President Julio Mena Rivera; and Elodio Aragon, minister of education and public service, representing the prime minister of Belize, among others.

Inter-American Affairs: C.A. FM's Sign Police Accord

PA1207144696 Mexico City NOTIMEX in Spanish 0201 GMT 9 Jul 96

[FBIS Translated Text] San Salvador, 8 Jul (NOTIMEX) — The Central American foreign ministers signed in this capital city today the agreement for the "Central American Institute for Higher Police Studies" [Instituto Centroamericano de Estudios Superiores de Policia], which will professionalize and modernize the security corps in the region.

According to the document, the new organization, which will be seated in San Salvador, will be under the auspices of the Central American Integration System (SICA) and form part of the agreements signed by the regional presidents in San Pedro Sula, Honduras, last year.

The institute's mission will be "to back national and regional efforts to develop and strengthen the police corps of the member countries," the text of the document states.

The new police institution will work to strengthen the means to protect society, to help further national and international efforts to defend and respect human rights, and will be the seat of police institutions' activities. It also will promote actions to strengthen the civilian and apolitical character of police organizations in the region and will reinforce the nature of the public service rendered by Central American police corps, the document adds.

The organization will operate under an Administrative Council that will include a general director who will manage areas such as education and training, investigation, planning and development, communication and promotion, and the administrative and financial fields.

The council will be comprised by a representative from each country who is to be appointed by the ones responsible for public security in the region. It will have a president who will remain in the post temporarily and will be elected by consensus.

The council's general director will be appointed every three years and can be reelected for an additional period, the document states, adding that the council's meetings will be held twice a year and will be convoked by the president of the organization.

The institute will be financed with stipends from the member countries, donations and gratuities, revenues received for activities carried out in the court while furthering its objectives, and from the organization's real estate, the agreement details.

Furthermore, the foreign ministers agreed to leave the document open to allow Belize to adhere to it and to negotiate its entry to the institute, the agreement concludes.

Foreign Ministers Ramon Gonzalez Giner of El Salvador, Edurado Stein of Guatemala, Ernesto Leal of Nicaragua, and Fernando Naranjo of Costa Rica participated in the Eighth Meeting of the Council of Central American Foreign Ministers here on 8 July. Roberto Ardita, the Honduran deputy foreign minister, represented Honduras at the meeting.

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The one-day meeting was to study issues related to regional integration and Chilean President Eduardo Frei's visit to Costa Rica next week. President Frei will meet with the presidents of the area in San Jose on 12 July.

Inter-American Affairs: Leaders Open C.A.-Chile Meeting

PA1207235996 San Jose Radio Reloj in Spanish 1730 GMT 12 Jul 96

[Report by William Cespedes Chavarria; from the "Radio Reloj Newscast"]

[FBIS Translated Excerpt] This morning, Costa Rican President Jose Maria Figueres Olsen and his Chilean colleague Eduardo Frei inaugurated the Central American-Chilean Businessmen's Meeting. Approximately 220 businessmen are participating in this event. The businessmen this morning exchanged views and opinions and made contacts in an effort to establish strategic alliances. Said alliances are aimed at allowing Central Americans to take advantage of the comparative advantages achieved by Chile. This will permit Central American businessmen to join globalized trade, with a view to opening and establishing a free trade area of the Americas. This was agreed upon by American presidents at the Americas Summit held in December of 1994 in Miami.

By the year 2005, all trade barriers for commerce and investments must come down. Therefore, progress is being made in this process and this is one of the fundamental contacts being made.

This meeting generates great hopes and prospects primarily for the Central American businessmen. However, Chileans view this region as a new market that will permit them not only to sell their products but also a door to enter other markets more easily, such as the Caribbean, Mexico, Canada, and the United States. It must be taken into account that Central American countries enjoy comparative advantages with the Caribbean Basin Initiative. [passage omitted]

Meanwhile, Chilean President Eduardo Frei made statements in favor of the liberalization of international trade. He stated that just like Central America, Chile has a small domestic trade. Therefore, Chilean businessmen — who have played a key role in achieving high productivity and export levels — view Central America as an optimum avenue to achieve their objective to strengthen their economy and increase exports, with a view to globalization. The Chilean president added:

[Begin Frei recording] Chile, just like Central America, has a small domestic market. Consequently, our best choice is to open our economy. The experience of our country indicates that, by eliminating international trade restrictions, to include tariff and nontariff restrictions, we have improved the efficiency of the internal production system. We have created the necessary production and institutional conditions for the functioning of an open economy. [two-second break in reception] meeting pleases me, because the issue of this seminar is similar to the topic proposed for the Sixth Ibero-American Summit, which will be held in Santiago, Chile this November. [end recording]

Central American businessmen have stated that they will travel to Chile in October to establish contacts and develop relations that will be initiated here. This meeting may produce the first positive results for the establishment of strategic alliances, which Costa Rican President Jose Maria Figueres Olsen endorsed. This meeting will define future actions and the likelihood that new Chilean investments may come to Central America. President Figueres commented on the following important aspects:

[Begin Figueres recording] Given the fact that we all know that there is a great potential for the expansion of investments and trade between Chile and Central America, we believe that this direct dialogue between businessmen will be very fruitful for all. In this regard, there are at least four ways to intensify the positive contacts that have been initiated.

First, we must create strategic alliances. The economies of Chile and Central America, as opposed to other cases in this hemisphere, are complementary. In this regard, there is no competition in a broad number of export products. This facilitates the exchange of goods between us, but, most importantly, it also allows businessmen to have access to markets where they don't sell traditional products.

The complementary nature is also a strong incentive for investment, which is the second mechanism I wish to address. We have seen with satisfaction how Chilean investments in Central America have increased. This trend, should it remain, anticipates a truly significant growth in trade, the impact of which in Central America will only bring benefits to our peoples.

Last night, my friend Eduardo [Frei] told me that Chilean investments in Mercosur [Common Market of the South] countries total $10 billion. He told me that in a few years, they have invested more than $2 billion in Peru, in more than 180 different enterprises. Let us, Central Americans, imagine the potential that this means for our region.

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The signing last night of an investment protection treaty between Costa Rica and Chile marks the beginning of what we hope will be a sustained process of similar accords, which grant guarantees to Chilean investors interested in the Central American region and vice versa.

The third form is by way of a periodic dialogue between our business leaderships. And Marco Vinicio Ruiz [president of the Central American Chamber of Commerce] was telling me that they are planning to send a mission of Central American businessmen in October. This visit is aimed at exploring together the complex areas of hemispheric free trade, as well as the opportunities.

Chile is strategically located with respect to the large world economic blocs. It is impressing to see the increasingly important role played by Chile in talking to NAFTA countries, Mercosur, the European Union, and the Asia Pacific Economic Cooperation.

Central America has also made significant progress in its ties with the United States within the framework of the Caribbean Basin Initiative; with Mexico, as part of the Tuxtla II Process; with Canada, within the Canada-Central America Forum; and the European Union, as part of the San Jose dialogue.

Our region has gradually weaved a strong network of preferential associations, which have decisively transformed our relationship with the rest of the world. Therefore, I believe that businessmen from Chile and Central American may take advantage of these ties in a cooperative manner. [end recording] [passage omitted]

Inter-American Affairs: C.A., Chilean Heads Sign Accords

PA1407180296 Mexico City NOTIMEX in Spanish 0130 GMT 13 Jul 96

[By Enrique Mora V.]

[FBIS Translated Text] San Jose, 12 Jul (NOTIMEX) — The meeting of Central American presidents with their Chilean colleague, Eduardo Frei, concluded here today with the signing of economic, political, and social agreements to create a cooperation forum between Chile and Central America.

The meeting ended with the signing of a "Joint Declaration," according to which the meeting represented an appropriate forum to review and expand cooperation agreements signed between Chile and Central America in 1991.

The presidents agreed to establish a special commission, coordinated by the foreign ministers, to "begin negotiations to establish new, economic, complementary areas through the free trade of goods and services, including tourism and the promotion of investments."

Chile also mentioned the possibility of "advancing in joining the Central American Economic Integration Bank (BCIE)," as a partner from outside the region, a status which Mexico, Argentina, Taiwan, and Venezuela already have.

The presidents highlighted the progress of peace and democracy in Central America and stressed the accomplishments of the peace process in Guatemala, as well as democracy in Nicaragua, where general elections will be held on 20 October.

They reiterated the adherence of their governments to the state of law, respect for human rights, the principles of democracy, the full participation of civil society, and the self-determination of peoples.

The document stressed the importance of increasing cultural, education, and scientific exchange among signatory countries in order to achieve development.

They agreed in calling drug trafficking, corruption, and the lack of equity in economic development elements that destabilize democratic regimes.

Closing the meeting, President Frei said his presence in this meeting intends to "renovate the old friendship existing between Central American countries and Chile," adding that there is a renewed spirit in Latin America to overcome and put behind for always the authoritarian temptations and messianism that ignore the people's will.

Costa Rican President Jose Maria Figueres, host of the meeting, said the signed agreements must be interpreted as the establishment of a new type of partnership between Chile and Central America.

To achieve those objectives, "the consolidation of democracy placing concerted agreements over confrontation" is required, Figueres said. He affirmed that this meeting "brought together a distinguished group of academicians, politicians, exporters, businessmen, and industrialists from all our countries who displayed the enormous wealth and extraordinary potential of our partnership with a view to the 21st century."

For the Costa Rican president, Central America will come out stronger after this meeting with Chile. He said the gradual incorporation of friendly countries and regions into Central America's efforts for development "have demonstrated it is certainly possible to create strategic alliances based on a common vision of the future."

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"We know that the identification of shared challenges will not change the manner in which we handle the various degrees of economic development existing among our nations," he said.

"I am certain that in this San Jose meeting we have taken one step further in the direction of continental integration," Figueres said.

Presidents Figueres of Costa Rica, Armando Calderon Sol (El Salvador), Alvaro Arzu (Guatemala), and Carlos Roberto Reina (Honduras) participated in the meeting with Frei.

This meeting also was attended by Nicaraguan Vice President Julia Mena and Elodio Aragon, representative of Belizean Prime Minister Manuel Esquivel.

Frei, who arrived in San Jose on 11 July accompanied by his wife, Marta Larraechea, government officials, and dozens of businessmen, will return to his country on 13 July.

Meanwhile, Central American presidents will hold a meeting here before returning to the respective countries this afternoon.

Inter-American Affairs: Leaders View C.A.-Chile Accord

PA1407180196 Panama City ACAN in Spanish 1225 GMT 13 Jul 96

[FBIS Translated Text] San Jose, 13 Jul (ACAN-EFE) — A future free trade agreement between the Central American countries and Chile, which Central American leaders agreed to negotiate during a meeting in Costa Rica, will be the isthmus' presentation letter to the Common Market of the South [Mercosur].

In a joint new conference following the conclusion of the meeting, Costa Rican President Jose Maria Figueres said Central America has had a vision directed "too much toward the north," in reference to the United States, where the region targets almost 50 percent of its trade.

The second leading market for Central America is the European Union, and the third leading market consists of Belize, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama, the nations which make up that region.

The Costa Rican leader recalled that Central America and Chile have complementary markets; therefore, "we can make progress in investments and trade."

Moreover, Chilean President Eduardo Frei has said this was the beginning of a long road leading to the guarantee of growth, integration, and wellbeing of the peoples of the continent.

"The political will exists to blaze a new path filled with hope for our peoples," Frei has said. "A united Latin America will be a dignified voice in the concert of nations," Frei has said.

The presidents of Central America and Chile have agreed to create a commission, to be coordinated by the foreign minister, that will present a report in six months on a trade agreement Central America intends to sign with Chile.

According to a final declaration, the basic areas covered by the agreement will be trade in goods and services, cooperation, and tourism.

Central American and Chilean leaders who participated in a meeting of approximately 220 businessmen yesterday affirmed that the first agreements will be reached within one year to deregulate the first list of products, primarily in the agriculture and livestock field, in which, the businessmen agree, the economies complement each other.

Chile has a maximum tariff rate of 11 percent, while Central America has a 20 percent rate.

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Cuba

Cuba: 'Diplomatic Battle' With U.S. To Begin at UN

PA1507233896 Havana PRENSA LATINA in Spanish 1920 GMT 15 Jul 96

[By Javier Rodriguez]

[FBIS Translated Text] United Nations, 15 Jul (PL) — Cuba and the United States in a few days will be at the center of a new diplomatic battle at the United Nations, when this entity reviews a resolution by the International Civil Aviation Organization (ICAO).

With the arrival in New York of the Cuban delegation, headed by Ricardo Alarcon, president of the National Assembly of the People's Government, the consultations regarding the imminent call by the UN Security Council will resume.

That UN organ should comment on the ruling the ICAO issued in Montreal on 27 June related to the downing of two airplanes that violated Cuban airspace on 24 February.

Alarcon will meet tomorrow, Tuesday, with different Security Council members, and the topic of the talks will be his country's stance on what Havana has described as U.S. actions that seriously affect the safety of civilian aviation in the region.

In a little over 15 days, Cuba denounced twice before the ICAO presidency and the U.S. FAA the fact that U.S. Government airplanes in the region have broken into Havana flight information without previous coordination.

The incidents took place on 25 June and 11 July of this year, affecting normal commercial flights from Guatemala, Costa Rica, and the United States, among others, when the interloper aircraft perilously and in a surprising manner crossed those airplanes.

The most recent Cuban protest notes were in a letter to the ICAO signed by Ricardo Alarcon, and another one to the FAA, signed by Rogelio Acevedo, president of the Cuban Civil Aeronautics Institute (IACC).

Meanwhile, the United States insists on trying to have the UN Security Council condemn Cuba for the 24 February incident, after similar attempts at the ICAO Council session failed.

U.S. efforts in that direction did not prosper when the ICAO resolution issued in Montreal ignored a proposal presented by the U.S. delegation, as it lacked the necessary support among the member states.

A week of frenetic negotiations has begun at the United Nations. This week it is possible that Cuban charges of violating civil aviation regulations against Washington and groups hostile to Cuba in Miami will be included.

Cuba: Commentary Says U.S. President Seeks Florida Votes

PA1307023896 Havana Radio Rebelde Network in Spanish 1700 GMT 10 Jul 96

[Commentary by Orlando Contreras; from the "National Radio News" newscast]

[FBIS Translated Text] To avoid being categorical, instead of saying no other U.S. president, I prefer to say very few U.S. presidents have been as widely rejected by the international community over a decision of his as William Clinton has been because he yielded to the Helms-Burton law.

Considering that Clinton is not dumb, not that he is a genius or anything of the sort, I am convinced that deep inside he is fully convinced that the extraterritorial and punitive law does not serve his country's interests and places it in an uncomfortable situation, to say the least, even with regard to the governments closest to the United States.

Only an opportunistic elections estimate, in the face of the absence of an imaginative and courageous political response, has moved the U.S. Administration to side with the Miami mafia and some politicians, whose conservatism has turned into fossils, to defend a law that even U.S. businessmen reject, not to mention the intellectual community that is speaking out on the topic.

In one week, Clinton must inform the Congress, according to the text of the law, if Chapter 13 of the Helms-Burton law enters into force on 1 August, or is postponed for a renewable six-month period, invoking the nation's interests.

Clinton wants to ensure his reelection with the votes of the state of Florida, one of the states that contributes the largest bloc of votes in the complex U.S. elections system, since the president is ultimately elected by a delegates. Whoever wins a state, even if it is by one vote, takes all the delegates that correspond to that state. In the history of the United States, one candidate obtained a higher number of popular votes but was not elected president by the delegates designated by the states.

Following California, with 45 votes; New York, with 33 votes; and Texas with 32; Florida, with 25 electoral votes, supplies the fourth largest bloc of votes in those small closed-door elections. The way things are shaping up so far, it seems Clinton will lean toward ensuring the White House seat and not to distancing himself from the most reactionary and dissolute elements of U.S. politics.

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Cuba: Politburo Member Balaguer Meets PRC Official 10 Jul

PA1407030696 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 11 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Hu Jintao, member of the Political Bureau Standing Committee and Secretariat of the Chinese Communist Party Central Committee, said today that his country will continue to support the Cuban people's struggle to safeguard their independence and national sovereignty and that it is opposed to foreign intervention. Hu Jintao made his remarks during a meeting with Jose Ramon Balaguer Cabrera, Politburo member and chief of the Cuban Communist Party Central Committee's International Relations Department. The high-ranking Chinese Communist Party official pointed out that the Chinese and Cuban peoples have enjoyed a long history of friendship and that bilateral exchanges and cooperation between the two countries have increased in recent years. Balaguer and his delegation are in the PRC at the Chinese Communist Party's invitation.

Cuba: Politburo Member Balaguer Meets DPRK Party Leader

PA1507014896 Havana Radio Havana Cuba in Spanish 0000 GMT 15 Jul 96

[From the "Evening Information Review"]

[FBIS Translated Text] Jose Ramon Balaguer, member of the Politburo of the Cuban Communist Party, in Pyongyang praised the ties of friendship and solidarity that have existed between his country and the DPRK, where he arrived from the PRC yesterday.

During the welcoming ceremony in the Korean capital, Balaguer also spoke about the Cuban people's struggle against the economic blockade imposed by the United States on the island and supported the efforts made by the Asian nation to achieve the country's peaceful reunification despite U.S. pressures.

Hwang Chang-yop, secretary of the Central Committee of the Workers Party of Korea, during the welcoming ceremony praised the role of the Cuban political organization and its leader Fidel Castro in the construction and defense of socialism based on the specific conditions of Cuba.

Cuba: Namibian Foreign Minister Begins Official Visit

PA1407232296 Havana Radio Havana Cuba in Spanish 1300 GMT 14 Jul 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Namibian Foreign Minister Theo-Ben Gurirab today begins a five-day visit to Cuba. During his visit he will meet with his Cuban counterpart, Roberto Robaina, and other important leaders of the Communist Party of Cuba and government.

Namibia and Cuba have held fruitful relations of friendship and cooperation since the days of the struggle for the liberty of that African nation.

Cuba: Spain's Anguita To Express Solidarity With Cubans

BR1507143296 Madrid EL PAIS in Spanish 15 Jul 96 p 28

[Report by Mauricio Vicent: "Anguita Will Convey to Castro His Rejection of Aznar's Policy on Cuba"]

[FBIS Translated Text] Havana — United Left [IU] General Coordinator Julio Anguita will today be starting a four-day visit to Cuba, during which he will meet [Cuban President] Fidel Castro and several other of the island's political leaders. According to IU sources, one of the trip's main objectives is to convey IU's solidarity with the Cuban people and denounce the U.S. embargo policy, now aggravated by the Helms-Burton law. In Havana, Anguita will also express his support for the reform process currently being promoted by the Cuban Government.

"The visit will also serve the purpose of highlighting our disagreement with the new policy toward Cuba pursued by [President] Jose Maria Aznar's government, IU Foreign Policy Secretary Carlos Carnero stated. According to Carnero, the People's Party government's policy toward the island should be characterized by continuity, given that Spain has many interests on the island. "Breaking the existing links between the two countries is not good for either the Cuban people or Spain," Carnero claimed.

IU's foreign policy secretary announced that, during his stay in Cuba, Julio Anguita would advocate an increase in cooperation from Spain, and also that the EU should continue its dialogue with Cuba to reach a cooperation agreement with the island's authorities. "At present, the dialogue with Cuba must not only continue, but deepen," Carnero said. He added that IU supported the Cuban reform process and that, in his view, the latter should be extended to all areas, "including the political area,"

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"in the best and quickest way possible." "Of course," he indicated, "for this to be at all possible the United States must lift the embargo, and the Helms-Burton law must disappear."

Visit to Sol Melia

Julio Anguita has expressly asked to be able to visit, during his four-day visit to Cuba, some of the installations of Spanish companies that might be affected by the implementation of the Helms-Burton law, including the Sol-Melia hotel group, which may in fact be receiving a warning letter from the U.S. State Department precisely this week.

Anguita will meet the Cuban Government's highest official responsible for economic policy, Vice President Carlos Lage, as well as Foreign Minister Roberto Robaina, Parliamentary Speaker Ricardo Alarcon, and leaders of the Communist Party and the country's sole trade union.

IU's general coordinator will travel to Cuba in the company of Carlos Carnero, IU Parliamentary Spokesperson Rosa Aguilar, and Isabel Villalonga, who is responsible for IU's peace-keeping and cooperation policy. On returning from the island, IU will submit a number of initiatives both to the European Parliament and to the Spanish Congress of Deputies with a view to increasing cooperation with Cuba.

Cuba: Implementation of Security Operation Announced

PA1207145396 Mexico City NOTIMEX in Spanish 1929 GMT 10 Jul 96

[FBIS Translated Text] Havana, 10 Jul (NOTIMEX) — Cuba's Interior Ministry (Minint) today announced the implementation of an operation that includes preparing the state security forces to maintain public order in this capital city during the summer months.

Lieutenant Colonel Octavio Gerones, spokesman at the Minint headquarters in this capital city, has told the NATIONAL NEWS AGENCY (AIN) "the situation in Havana is much more positive than during last year." He has said the reason for this is "due to the increase in measures and actions implemented as part of the Security and Protection System," a program which also includes the participation of the Committees for the Defense of the Revolution and other state agencies.

"With the arrival of summer, public order is critical so the people may enjoy their vacations, and it is up to the Minint forces, the police in particular, to guarantee this condition," Gerones added.

Without referring to any statistical figures to confirm his allegations, Gerones also has said that up until June, "there had been a decline in major crimes, robbery, theft, cattle rustling activities, and public disorder" compared to 1995.

The military officer's statements come just as strong rumors have been circulating throughout Havana about another mass exodus of Cubans to the United States on makeshift rafts through the Straits of Florida, as happened during the summer of 1994. On that occasion, the crisis came to an end in September 1994 with the signing of a migration agreement in which the United States accepted to repatriate those Cubans who attempted to enter U.S. territory illegally and also to grant 20,000 immigration visas each year.

The rumors, attributed by National Assembly President Ricardo Alarcon to what he has described as "small groups in Miami," would seem to have its basis on the decision to be adopted by U.S. President William Clinton on the controversial Article III of the Helms-Burton law. This article of the law intensifying the economic embargo against Cuba foresees the filing of lawsuits in the United States against foreign investors that use properties confiscated from U.S. citizens after 1959 by the Cuban Government.

Clinton approved the law in March, and its implementation has prompted protests from U.S. trading partners such as Canada, Mexico, and the EU on account of its extraterritorial nature and because it is contrary to free trade.

Cuba: Interior Ministry Steps Up Food Self-Sufficiency

PA1307014096 Havana Radio Havana Cuba in Spanish 0000 GMT 10 Jul 96

[Report by Marianela Samper; from the "Evening Information Review" newscast]

[FBIS Translated Text] We have a report by Marianela Samper on the Interior Ministry's increase in self-sufficiency.

[Samper] Ensuring the food supply for the Interior Ministry combatants and saving on the food allotted to them by the economy have been the goals of the institution since 1993. Today, we can see some of the results. Back then, the Interior Ministry only had 370 caballerias of land in the entire country, some 400 heads of cattle, and 43 oxen. Based on what they had, the Interior Ministry officials drafted a strategy, which included the location of new tracts of idle land, the development of animal husbandry, as well as the

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establishment of plants for the processing of food, beef, and fodder.

Colonel Pedro Alonso, director of the Agriculture and Livestock Department of the Interior Ministry, said they can already meet the food and recreation requirements of the combatants, and of the prison inmates, but they will also be able to supply the community and the economy.

[Begin Alonso recording] In order for you to have an idea, Camaguey Province, alone, produced 800,000 liters of milk in 1995, out of the 2 million plus produced in the province. We practically produced 50 percent of the milk. In Las Tunas today we will deliver more than 50,000 liters of milk. When you make an estimate of milk production in the entire country, in the municipality, I can tell you that we delivered to the local economy more than 40 percent of the 5 million liters of milk produced by the Interior Ministry. It is a policy of ours. We are also able to supply with our products several institutions, such as old folks' homes and others. [end recording]

A total of 420 farms exist in the entire country, which produce more than 50 different types of food for human consumption. Special attention is given to cattle breeding.

[Begin Alonso recording] We can say here today that the Interior Ministry has more than 47,000 heads of cattle. It has more than 1,500 or 1,600 oxen. It has more than 140,000 chickens, which lay the eggs consumed by the Interior Ministry. [end recording]

The Interior Ministry also hopes to reach the 3,000-metric ton mark in the production of freshwater fish in the current year. The Interior Ministry has already initiated the production of rice. In Camaguey Province, alone, it hopes to harvest 4,500 metric tons of rice in 1997. A perfect example of how they developed all of these farming plans can be seen at the agro-industrial complex in Haguey Grande in Matanzas Province. Using a former rural high school building, they took to the task of turning it into a productive center. Former classrooms are now used to house chickens and in the nearby 500 caballerias of land, they raise sheep, hogs, and horses. They also run a plantation of citrus fruits and other fruits. One of their specialized centers is used to fatten bulls while another is used as a beef processing plant in what used to be the dining hall of the school center.

The Haguey Grande experience was the seed of this idea of the combatants at the Interior Ministry. Today they are not a burden for the economy because they are self-sufficient and can even export their surplus.

Cuba: Armed Forces Issue Notice on 14 Jul Exercises

PA1207215896 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Jul 96

[Notice from the Revolutionary Armed Forces Ministry; date and place of issue not given; read by announcer; from the "National Radio News" program]

[FBIS Translated Text] The Antiaircraft Defense and Revolutionary Air Force will stage exercises in western Cuba between 0800 [1200 GMT] and 1100 on 14 July, with troop movements and combat flights over the capital, main cities, and other economic and military targets and explosions and gunshots being heard everywhere except Havana.

Signed: Revolutionary Armed Forces Ministry

Cuba: Armed Forces Conduct Tactical Exercises 9 Jul

PA1407035096 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 11 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Revolutionary Armed Forces [FAR] units conducted tactical exercises on 9 July as part of the overall control of areas assigned to the Western Army and to show their combat readiness. Tank, infantry, and combat units, as well as production and defense brigades, participated in the exercises as part of their territorial defense plans. The exercises were conducted to determine the readiness of the units in the fight against enemy forces under various conditions inside their territories. The participants demonstrated their skills and dexterity in command positions and their collective fighting strength. Highlights included a number of different combat techniques and the handling of weapons that had undergone extensive maintenance. Participants in these exercises spoke to this newscast:

[Begin unidentified speaker recording] I appreciate the outcome of today's exercises. They were quite good. We are confident about what we learned today about our techniques and weapons. We are in excellent shape. Great fighting qualities were observed. [end recording]

Cuba: National Tourism Conference on Need for Quality

PA1507040396 Havana Radio Havana Cuba in Spanish 0000 GMT 11 Jul 96

[Report by Isis Maria Allen; from the "Evening Information Review"]

[FBIS Translated Text] The First National Conference of Tourism Professionals ended in Havana following

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two days of intense work in which quality in more than 50 categories of work in the field of tourism was discussed.

The high scientific level of the work that was presented could be seen at the meeting, which allowed participants to draft several proposals for the international congress that will be held in October of this year.

The meeting also allowed participants to hold in-depth discussions of the work being done in Cuba to attain proper levels of competitiveness in the area of international tourism.

Enrique Camposano, from the management office of the Horizontes Hotel chain and chairman of the Services Commission in this meeting, talked to us about this.

[Begin Camposano recording] We cannot be satisfied with a certain number of tourists each year. What we want is to get those tourists to return to Cuba and to tell many other people about their experiences so that they can visit Cuba. If we do not provide quality services, it will not happen, and we would get negative publicity, which would adversely affect us a great deal. All the Cuban hotel chains and all the tour operators are aware of this.

We are aware that if a specific hotel, if a specific restaurant, provides poor service it is generally not because the people want to provide poor service. It is hard to find a person wishing to provide poor service. Most of the persons try to work better. No one wants to be worse, and no one wants to be bad. A great deal of work is being done in this regard.

The Tourism Ministry has a quality program. A series of conferences have already been held in the entire country, only Havana has not held one yet. It is a very ambitious program involving all hotel chains and all hotel management in addressing the issue of quality.

As I told you before, the work is being conducted. There is a man in Cuba, whose name is Jesus Felipe Gallego, who is a very important person in the hotel business in Spain. He also has a great deal of influence in Latin America. He is the leading adviser in this work that is being conducted.

We could call this initial stage the quality awareness stage. Quality does not emerge spontaneously. We have to sow the seeds of quality, and we are sowing the seeds in this stage. [end recording]

The International Congress of Tourism Professionals, called Ciptur 96, will be held in October of this year. Selected work discussed in this national conference on tourism quality will be debated.

This has been a report from the big island of the Caribbean by Isis Maria Allen.

Cuba: Sime Official Explains Production Recovery Methods

PA1507164696 Havana Radio Rebelde Network in Spanish 1155 GMT 12 Jul 96

[Interview with Sime, Steel Industry, Deputy Minister Miguel Macias by Carlos Rafael Jimenez; place and date not given — live or recorded]

[FBIS Translated Text] [Jimenez] I am talking with Sime Deputy Minister Miguel Macias. How is it that now, while visiting these factories, I am told that record productivity levels have been reached compared to previous times before the special period? How is this possible with such large factories? Cuba built big factories, perhaps factories that should never have been built, but anyway, that's in the past. How is it that these factories have been able to recover at this time? Some even seem like industrial cities and are now producing and have become efficient. How is this?

[Macias] We must say that not all Sime factories have recovered. We still have a group of factories that we will try to get back on track. As you well said, there are others — and a good example is the container and machete factory — that even today have greater production figures than what had ever been reached before. Productivity has increased year after year and today these are efficient factories with an important future and even a possibility of exporting its products. Therefore we can say that these are factories have a clear future. There are another group of factories, which we could call monstrously large. With these we have been dwelling on the problem of making them efficient. One example is the Cuba y Santa Clara Factory. There, production has been organized in such away that each unit is totally responsible for its production. Examples are units for coffee-makers, pressure cookers, ventilator fans, bicycles, plastic production, tool production — one of Cuba's best. Each one of these units is fully responsible for its products, without losing sight that they all belong to a great [word indistinct]. They have achieved great performance.

[Jimenez] These are factories within factories.

[Macias] We could call it that. They are small factories inside a big one. This large factory supplies these small factories with general engineering services, electricity, logistical services for supplies, and so forth. The large factory concentrates its efforts on reducing costs and becoming more efficient. Some factories have recovered, while others are headed in that direction. We still have

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some that need to recover. This is the route on which we decided and it is paying off.

[Jimenez] I have been talking with Sime Deputy Minister Miguel Macias about the recovery and the search for efficiency in the great Cuban industry. This is the path we need to take in order to leave behind the misfortunes that we have suffered over the past five years.

Cuba: Politburo Member Remarks on Evaluation Process

PA1307163296 Havana Radio Rebelde Network in Spanish 1155 GMT 10 Jul 96

[Telephone interview with Jose Ramon Machado Ventura, a member of Cuba's Politburo, in Las Tunas by Felix Garrido in the network's studios in Havana; from the "Doing Radio" newscast — live]

[FBIS Translated Text] [Garrido] Via telephone is comrade and Politburo member Jose Ramon Machado Ventura, who will discuss the evaluation process the Communist Party of Cuba [PCC] is carrying out in the municipalities. As you well know, this process is being carried out throughout our country.

As we have told our listeners, we intend to talk with you about this evaluation process. Please tell us.... [pauses] What is the main goal of this process, although we do not have a PCC congress ahead of us? Nevertheless, this process is taking place in all of the country's municipalities.

[Machado] This evaluation is being carried out in the medium term; that is, every two and a half or three years. The goal of this evaluation is, first of all, just as its name indicates, to evaluate this year's work, which has had characteristics of its own, because it has been very specific, and we have adhered to the most immediate problems experienced by each territory. Let us say that we do not want to make an account of previous problems but, rather, to concentrate on today's specific problems, focusing on the ways to resolve them; therefore, it has these characteristics. In addition to an evaluation, we would have to make a renewal, which is logical.

We always have to renew posts, bureaus, municipal committees, because promotions, dismissals, and transfers occur while other comrades take over other duties; this makes it necessary to renew and recondition these structures in the municipal committees as well as in the provinces. You have not mentioned that this includes municipalities and provinces.

[Garrido] Exactly. By the way, it might be a coincidence, but it so happens that young PCC leaders are heading the two provinces that fell short during the competition for the 26 July commemoration and the province that will be the site for the main ceremony. Do you have any comments in this regard?

[Machado] Yes. This demonstrates the drive, vitality, and intelligence characterizing our young cadres. You know it was agreed during the discussions at the fourth congress to include the participation of various young cadres who were promoted at that time. Now we see here the results of this measure.

[Garrido] This is a standard for the PCC leaders and for each of its members; that is, to draw increasingly closer to the problems, feelings, needs, and expectations of our masses of white-collar and blue-collar workers, intellectuals, and peasants. How far away.... [pauses] And you were telling me when we were commenting on this question, but I raise it again. In your opinion, how far away is the PCC right now from achieving this noble purpose? Is it meeting the people's expectations for their leaders?

[Machado] I believe we are never fully satisfied with the results of our work and with what we are observing in the daily life of our neighborhood organizations and our members. I can tell you that during this particular phase, the PCC has demonstrated its capability for unity, leadership, and guidance, because it had to confront extremely difficult tasks. True, more has occurred, and this was expected because of the difficulties and limitations, which have been extremely hard; nevertheless, under these circumstances, we must say, the PCC was not completely ready. It was an absolutely radical change. The PCC has proven that it has stood next to the masses; this is so true that you have just observed during this sugarcane harvest the support it has received throughout as well as the unity with the people, workers, and with every mass organization, including peasants you have mentioned. In this regard, we do not feel satisfied. We are never satisfied, because there are other very precise characteristics and situations. Nevertheless, if I give you a general evaluation without putting on triumphant airs, so to speak, I will tell you that the PCC has achieved its goals and main tasks up to now.

[Garrido] As for the evaluation being carried out in our country's municipalities and provinces, as you explained, what topics have been more strongly discussed at the assemblies themselves so far?

[Machado] As I told you at the beginning, we have attempted to adhere to specific matters linking them to the territory. Each of the territories and municipalities, either urban or rural, has social, economic, and production characteristics of its own. Some have a larger participation in agriculture, while others have a larger participation in the sugar industry. In this regard, we have

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attempted to discuss the problems pertaining to each territory. We have attempted not to discuss these problems but, rather, to examine them with self-criticism to determine the role neighborhood organizations play.

You know these assemblies have a new feature; that is, the secretaries of party cells are delegates. This gives them a larger commitment as well as a broader knowledge of the work and the PCC's situation; therefore, the PCC's role is being stated while the territory's problems are discussed. In the particular case of a comrade delegate who is the secretary of a party cell, what is he doing in his party cell? This has given all the discussions more realism, veracity, as well as more conciseness. We have experienced this characteristic during more than 72 assemblies that have been held so far. We believe this experience has been a very positive one.

Cuba: Politburo Member Stresses Need To Fight Corruption

PA1407121696 Havana Radio Rebelde Network in Spanish 1155 GMT 8 Jul 96

[From the "Doing Radio" program]

[FBIS Translated Text] The sixth municipal assessment meeting to be held in Matanzas Province was held in Cienaga de Zapata Municipality on 7 July. This municipality may stretch over 4,000 sq km, but it is far from being the country's largest municipality. It is the least populated municipality, with its population of 8,000 residents still growing. In this [words indistinct] I would say is one area of the island where the Revolution is making efforts at permanent social and economic change.

Coal production was reported way up just yesterday — surpassing 80,000 sacks — even though quality was questioned. It was also reported that Cienaga de Zapata residents produced over 1.5 million tobacco drying poles during the national tobacco harvest campaign. The family doctor program and ambulance service in these isolated areas are among Cuba's most outstanding advancements. Participants in the Party's assessment meeting in Cienaga de Zapata reported that over 70 construction projects had been completed for the tourism sector, a sector that will generate more than $4 million in income this year.

Yadira Garcia, Politburo member and the Party's first secretary in Matanzas Province, called for denying people cars for personal use, closing unauthorized home restaurants, wiping out prostitution, and stamping out other forms of corruption:

[Begin Garcia recording] We should call a spade a spade and face what is wrong. We could challenge any type of criminal act, corruption, prostitution, or anything that undermines order and the standard of living in special areas like this one. We must maximize our efforts to challenge and respond to this with will and determination. We communists should take the lead in facing and eradicating these problems. We cannot allow activities like these to flourish in this municipality. We must work to discourage antisocial behavior. Residents of this area knew how to defend the Revolution — that is, with weapons in hand — when the country needed to be defended. Residents of this area must be able to defend it today, not just with weapons — weapons are unnecessary — but with the force of our ideas, our will, and our revolutionary combativeness. These problems threaten our ability to meet our production goals, especially with regard to efficiency. We all know that we will find the answer. We have already found the answer. The people of Cienaga de Zapata will continue to press on as always. [end recording]

Cuba: Holguin Residents To Salute Power Plant Opening

PA1407044696 Havana Radio Rebelde Network in Spanish 1700 GMT 8 Jul 96

[All figures as heard; from the "National Radio News" program]

[FBIS Translated Text] Felton Thermoelectric Plant Unit One is ready to generate the steady 250 megawatts of electricity per hour that it was designed to generate. Holguin residents salute 26 July with this plant, the largest construction project they have ever undertaken. Construction workers from the Rene Martinez Tamayo construction contingent and specialists from the national electrical union and industrial builders are working 16-hour shifts almost every day to complete the project. A complete maintenance overhaul recently took 10 days to complete, after the plant was hooked up to the national power system. This occurred during the final days of February and the first few days of March. Raul Espino, engineer and Felton Thermoelectric Plant general manager, has noted no major problems with plant operations or with increasing electrical output levels gradually to reach the maximum output levels for which the plant was designed:

[Begin Espino recording] This is great. We hope that Unit One will generate electricity. Our goal is to reach the design's maximum output of 250 megawatts and the design's maximum efficiency of 237 megawatts. We are currently at 240 megawatts and specific usage levels of 242, 243 grams per kilowatt. Reaching 250 megawatts means we would have reached that level of efficiency. We can reach that level of efficiency. [end recording]

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The Felton Thermoelectric Plant is a monument to the people's firm resolve in the face of the shortages of the special period. It will be the country's second largest electrical supplier and will save 40 million metric tons of fuel a year, while producing the same output as other plants. The plant cost over 300 million pesos. Its grand opening, when it comes on line, will be the Holguin people's salute to 26 July. It will stabilize the country's power system. The Felton Thermoelectric Plant will officially open as a salute to 26 July.

Cuba: Guantanamo Dam To Provide Drinking, Irrigation Water

PA1407121596 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 10 Jul 96

[All figures as heard; from the "NTV" newscast]

[FBIS Translated Text] La Esperanza Dam, under construction approximately 17 km northwest of Guantanamo City, will supply water to the people and the fields. The dam will hold 22 million cubic meters of water and supply the province with 42 million cubic meters of drinking water annually through gravitational filters. It will irrigate approximately 70 caballerias of sugarcane and 30 caballerias of plantain. Its waters will also be used to wash salt from the soil:

[Begin unidentified speaker recording] The project is 58 percent complete. We will spend 3 million pesos this year to reach 70 percent completion, leaving 30 percent to be completed in 1997. [end recording]

Although fuel shortages have delayed work on the dam in the past, the construction that began in 1990 seems to have taken off thanks to the (Emilio de Audino) contingent, which has earned national vanguard status over the last five years:

[Begin unidentified speaker recording] We have accrued about 1.3 billion pesos in profits during the year, at a cost of 32 cents per peso. [end recording]

Workers are currently working on the 31-meter-high embankment [terraplen de la cortina], one of the four main parts of the dam. They had to redirect the river's course and use fill material typical of the area to do this.

The feeding point [toma] project is 94 percent complete. Experts say that the barrage-type spillway [aliviadero de compuertas reproyectado] will help alleviate about 50 percent of Guantanamo's flood problems due to heavy rains.

The hope is that construction will continue at the current pace so that Guantanamo will have a chance of solving its pressing drought problem by the spring of 1997.

Cuba: Cardinal Says Church-Government Ties 'Improved'

PA1407163896 Madrid EFE in Spanish 1555 GMT 11 Jul 96

[FBIS Translated Text] Havana, 11 Jul (EFE) — Cuban Cardinal Jaime Ortega has said relations between the church and the Cuban Government have improved. Ortega has said to Spanish Prime Minister Jose Maria Aznar that he believes humanitarian aid from Catholic institutions is reaching its destination efficiently.

"It is a fact today that the Cuban Government is a secular one" and not atheist as it was a few years ago, Ortega has said, adding later that "if there is an anti-religious mentality, it is not an official policy."

In an interview with EFE, the representative of the Cuban Catholic hierarchy and archbishop of Havana spoke of his recent meeting that took place with Aznar and Spanish Foreign Minister Abel Matutes in Madrid in mid-June. Ortega also spoke of his hearing in Rome with Pope John Paul II who expressed, once again, his desire to visit Cuba, the only Latin American country which he has not visited.

According to the Cuban cardinal, both Aznar and Matutes assured him the humanitarian aid from Spain to Cuba will continue. The Spanish foreign minister has said the aid not only will include food and medicine but also scholarships, cultural exchanges, and assistance in infrastructure projects.

"I believe relations between Cuba and Spain always will be special. Cuba cannot become detached from Spain, nor can Spain stop playing an important role within the European Union and as an independent nation in regard to Cuba," Jaime Ortega has said.

The cardinal has said that after listening to him "very carefully" during their meeting, Aznar said "very convinced" that Cuba and Spain have "great regard" for each other and that that kind of "special relationship" must be maintained.

Ortega explained to Aznar the possibilities the Catholic Church has to "actively" participate in the distribution of humanitarian aid. The cardinal also has said that when dealing with important materials such as surgical equipment, the organization Caritas sends it to state hospitals, "because the health system is state-run in Cuba, and the sick people in these hospitals need it."

"The Spanish prime minister has approved our handling procedures and has assured me the humanitarian aid will continue. I was under the impression that he wanted to listen more than talk, as if he was gathering all the right

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information to formulate policies or to express them more clearly," Ortega has said.

Jaime Ortega spoke of "Cuba's unusual situation of having a socialist system within Latin America" before mentioning the possibility of a visit by Pope John Paul II to the island, which was taken for a fact at the beginning of the decade but has never taken place.

The cardinal has said that he had a chance to speak with the pope for half an hour last month and that John Paul II had mentioned his interest to travel to Cuba "not just to complete his journey through Latin America but to visit this particular church, its Catholic faithful, and the Cuban people."

The Cuban cardinal believes "there are more possibilities" now than five years ago when the disappearance of the Soviet Union, the enormous economic difficulties, and the "social restlessness," exemplified by the "rafters crisis," made everything much more difficult.

As for the U.S. policy toward Cuba, without specifically mentioning the Helms-Burton law, the purpose of which is to intensify the embargo against the island, the head of the Cuban Catholic hierarchy said the greater the detente between the two countries, the greater the possibilities for an opening on the island.

According to Jaime Ortega, Cuban Government officials believe improved relations between Cuba and the United States will not only bring economic development "but also a political opening and social changes."

Cuba: Nickel Said Holguin's Most Important Revenue Source

PA1507014296 Havana Radio Rebelde Network in Spanish 1700 GMT 9 Jul 96

[Report by Adolfo Garcia; from the "National Radio News" newscast]

[FBIS Translated Text] Considered the most important source of revenue in Holguin Province and one of the most important in the country, the nickel mining and processing industry has three large plants, two in Moa and one in Jibaro. In addition, it is the first plant that processed ore in Cuba more than 50 years ago.

The possibility of building a plant in Mayari municipality, in Cuba's northeast, to refine minerals, an essential stage in the nickel industry, is being considered. According to Basic Industries Minister Marcos Portal Leon, Cuba has entered into a Cuban-Canadian joint venture with highly satisfactory economic results for both sides so far.

[Begin Portal Leon recording] You must note that this is a result of the experience of the Cuban revolution; it is our enterprise shared with the Canadians, but we have another property in Canada. They are the owners of the half here, but we are owners of the half there. Then all the useful and important things they do here are ours. These things must also be transferred rapidly to the other factories and to the rest of the country. [end recording]

The Communist Party of Cuba's Politburo mentions the Holguin nickel mining industry's contribution, and this province's victorious struggle to win the position of national host for the 26 July commemoration this year can be simplified now with the takeoff of the Ernesto Guevara Plant which, after being a symbol of unproductivity and inefficiency a few years ago, now boasts 105 percent of overall performance.

Another example of progress in Holguin's nickel industry is a 108-percent overall compliance in all plants from July 1995 to date; the production of more nickel in the first half of this year and in 1995; the contribution to the national economy of a figure that exceeded $50 million in the first half of the year and more than $2 million in innovations and improvements applied this year. All of this reaffirms the determination to exceed the historic records of this industry in 1996.

Cuba: Villa Clara To Lead Ceremonies Marking End of School

PA1307000196 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 9 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] The school year ended with outstanding achievements in all provinces, thanks to community, school, Party, and organizational efforts to preserve the educational achievements that have defied all blockades. It was reported today that Villa Clara Province has taken first place in educational work, winning the province the right to host the national ceremony marking the end of the 1995-96 school year. Villa Clara had a 95.6 percent average attendance rate; 98.7 percent of its students ended the term, in addition to having scored high on surprise inspection visits. Cuba ended the school year with the benefit of double shifts [cobertura de doble sesion] at elementary schools and special education at all levels; access to higher education for all graduates; and one teacher per 41 inhabitants, the highest rate of teachers per capita worldwide.

Cuba: 'Straight Talk' on Prices

PA1307000396 Havana Radio Rebelde Network in Spanish 1730 GMT 5 Jul 96

["Straight Talk": Studio roundtable with host Osvaldo Rodriguez and Renato Recio and Eloy Concepcion,

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from TRABAJADORES; date not given — live or recorded]

[FBIS Translated Text] [Rodriguez] Our topic today is prices. We have been tracking the pricing issue ever since we began talking about agricultural markets and economic change. We have devoted several programs to this issue, practically every month. What new ideas do you have on this topic?

[Recio] It is very important to track pricing developments. We cannot underestimate the importance of this issue to the people: prices can either help or hurt people; they are among the everyday concerns of citizens; prices provide raw economic data. The first half of 1996 is drawing to a close. The Cuban economy grew 7 percent during this period, which is excellent news. Cuba could certainly reach this year's annual economic growth projection rate of 5 percent at this rate.

We must consider the pricing issue. Prices can determine the country's economic shape and standard of living. We must revisit this topic, even if we fail to add anything new.

[Concepcion] We can add something new. There are developments here, in Havana City, that we should discuss.

The price of pork, one of the most popular products, dropped dramatically this week. I do not even want to compare the price now to the price a while back, when it was being sold for 100 or so pesos a pound. Pork prices held at 25, 28, and even 30 pesos a pound for a few months. Pork prices at Havana City agricultural markets dropped to 22, 18, and 20 pesos this week. Some people argue that this drop is due to the hot weather: Pork will spoil if it is too hot and people do not buy it.

Another key factor: There are real signs of recovery, perhaps not as strong a recovery as we need. State-run enterprises and institutions are showing real signs of recovery. Some of the Agriculture Ministry enterprises have [word indistinct] the sale of pork, have reorganized and maintained it, and have been able to bring down pork prices.

Havana City restaurant services are also recovering.

Let's talk about Havana City, Cuba's largest market.

[Rodriguez] Havana City prices do not accurately portray the situation nationwide. We should discuss the impact nationwide, because prices are falling throughout Cuba. Don't you think that this is closely related to the Cuban peso's recovery?

[Recio] Eloy missed a major point when he listed the reasons for this: The people have lost purchasing power. If people have less money, they cannot buy as much and merchants cannot sell as much; consequently, merchants must lower their prices to sell their goods. This is what is happening, because, as everyone knows, the people have lost purchasing power.

My personal experience — I am not talking about a scientific analysis or any serious research — has been that the price of everyday goods, including the price of the dollar, in Havana City moves up and down in accordance with prices nationwide. If merchants in a city or a province located on the country's major highway decide to lower the price of onions significantly, people will buy onions there and sell them in Havana. This is why prices balance out nationwide in the end. There was a natural trend in this country — a small country with good communications — for prices to balance out or at least move [words indistinct] before there were any exchange offices here.

[Rodriguez] It is also safe to say that prices will be lower than in Havana City in those territories with greater supply. Territories where supply is limited even more than in Havana City will charge even more than enterprises in Havana City. Eloy mentioned pork as an example, even though it is not, considering total sales — perhaps money-wise it is, but not volume-wise — the most popular product. Pork recently sold in Varadero for over 30 pesos, while it sold in Havana for 22 pesos.

[Concepcion] We should not focus on the fact that people have lost purchasing power. The people are only just becoming familiar with this supply-and-demand market; they have only just become familiar with agricultural markets within the last year. People had too much money in their hands and went on a buying spree back then. Citizens are budgeting for their families and are learning to use their resources. We are also seeing larger supplies of products and the birth of competition. I have seen forms of competition, even in the agricultural markets; it is still at an early stage, but it is there. I visited several agricultural markets on Sunday and saw vendors selling outside their stands; they even had people lining up on the sidewalk. Vendors have a superior product to offer on some days. People are already getting acquainted with this unfamiliar supply-and-demand market.

[Rodriguez] I have also noticed this in state-run restaurants. Workers in state-run restaurants try to attract customers, play up the quality of their product. It involves some sort of training.

[Concepcion] We cannot claim victory yet. State-run restaurants and state-run shops, in general, still have a long way to go. The framework and manner in which these workers operate these enterprises also plays into this. Some places in Havana are practically autonomous

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and self-financed. Some of these places — restaurants and coffee shops — have some freedom; this is positive, in that restaurant workers can earn some of the future profits.

[Rodriguez] I still see price-wise, state-run enterprises trying to compete with privately owned enterprises.

[Concepcion] What do you mean they try to compete? They should compete.

[Rodriguez] I mean prices.

[Concepcion] They try to increase or hold to the prices in private establishments.

[Rodriguez] That is right; they are trying to compete.

[Concepcion] What you mean is that they are competing to see who earns the biggest profits, because competition entails providing better prices and quality products. This is the true meaning of competition. What you mentioned earlier is just competing to see who earns the biggest profits, which does not benefit the people.

[Rodriguez] Anything to add, Eloy?

[Concepcion] A new role is emerging in this strange world of supply and demand, a kind of kitchen administrator...

[Rodriguez, interrupting] Strange, in the sense that we were not used to it?

[Concepcion] Right. A kind of state profiteer has emerged at the management level in these state-run kitchens and work centers. The comrades running these kitchens want them affordable at any cost. They have raised the price of meals served in the workers' kitchens dramatically over the past year, I would say, without authorization. What they offer is somewhat odd; for instance, one of these worker may volunteer to work on a self-sufficiency farm, return with some mangoes, and sell them for 2 or 3 pesos. This is inconceivable. These people are pushing to make these kitchens affordable at the workers' expense, instead of promoting quality. They should try to get rid of surplus personnel and prevent recurrent cases of theft in our kitchens and stores.

[Rodriguez] Absolutely. Renato?

[Recio] I agree with Eloy. The problem is that these kitchens must strive to be affordable and nothing more. As soon as they try to turn a profit, the purpose for which these kitchens were set up in work centers becomes self-defeating. This must be a running concern, and I do not truly see this.

[Concepcion] This is a very serious problem, Renato. Not only is the price on meals hiked 0.50, but many places also charge workers 1 and 2 pesos to park their bicycles. Anyone riding the bus ends up paying 0.80 round-trip. We must protect the workers' pocket. This is one of the revolution's achievements. We cannot throw this away at the expense of a profiteer who wants not only to make kitchens affordable, as you said, but also to turn a profit at the workers' expense.

[Recio] These people are only supposed to make kitchens in work centers more affordable. Trying to turn a profit in these kitchens should never be allowed. I also want to emphasize that I do not think there is a running concern over this or any serious study in this regard to ascertain what is actually happening. What Eloy was arguing is definitely true: Some of these people sell products in these kitchens, make special offers and options on goods like orange juice or any other kind of juice at market prices. The truth is that no one can convince me that it is valid or fair to sell food at market prices in a workers' kitchen.

[Concepcion] The unions should look into this, as it is their duty to protect the workers. This is not populism or anything else but the actual duty of a union. Unions should do something about this issue. This topic must be discussed within the framework of the efficiency assemblies, which are just opening. We must defend the workers' kitchens, one of our revolution's achievements. As Renato contended, these kitchens must be affordable, but the existence of profiteers, who act with the complicity of the directors of the work centers, should not be tolerated. They stand in a corner, boasting that the kitchens offer 0.40 cents [word indistinct] in the kitchens but at whose expense? This is inconceivable.

[Recio] It is a good thing that they do not say this; if they did, they would have to lower prices immediately.

[Rodriguez] The workers would be the first to rebel.

[Recio] The workers should not complain about this; they should ask how much meals cost to produce in these places and decide whether the prices being charged are fair.

[Rodriguez] Renato, let's review the points discussed thus far.

[Recio] There are signs of a general trend toward lower prices. We must determine whether this is due to increased supplies or whether the continued decline in the people's purchasing power is driving prices down. The ideal is to have supply increase as a result of increased production and services.

[Rodriguez] Thanks Renato and Eloy.

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Cuba: More Students To Help With Farming Efforts

PA1307000296 Havana Radio Rebelde Network in Spanish 1700 GMT 8 Jul 96

[From the "National Radio News" program]

[FBIS Translated Text] Approximately 95,000 middle and high school students will work with sugarcane and other agricultural products and in the schools' self-sufficiency orchards [areas de autoabastecimiento] for 15 days. This is nearly half the number of students who had pledged their support this year and approximately 10,000 more students than reported for duty at the end of the last school year. Sancti Spiritus students will participate in the student labor brigade ceremony kicking off the campaign, in recognition of the work that these students put forth last year to ensure that the province led the nation in these efforts.

Cuba: Fire Damages Government Building 12 Jul

PA1407121796 Havana PRENSA LATINA in Spanish 0001 GMT 13 Jul 96

[FBIS Translated Text] Havana, 12 Jul (PL) — Havana firefighters and police brought a "regular-sized" fire under control before 2000 [0000 GMT], after it damaged at least two floors of a building. No one was killed.

The fire broke out on the seventh floor of the Vice Ministry of Construction Materials Industry building [inmueble del viceministerio de materiales de la construccion] at about 1800. Initial reports suggest that a defective air conditioning unit caused the fire.

Colonel Bienvenido Rafoso, chief of the National Fire Prevention Directorate, said that the firefighters initially tried to prevent the fire from spreading to the upper floor. His team managed to do this successfully.

Rafoso says that the greatest damage was done to the eighth floor, which PRENSA LATINA has learned housed a computer center.

Cuban officials, who describe this as a "regular-sized" fire, are investigating the cause of the fire and totaling the damage.

Cuba: Politburo Members' Activities Through 12 Jul

PA1307013996

[FBIS Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 12 July.

Cuban Foreign Minister Roberto Robaina Gonzalez received on 3 July Venezuelan Youth Minister Pilar Iribarren de Romero, who is paying an official visit to the island. The Venezuelan minister and her delegation will visit Cuban schools, child-care centers, educational centers, as well as public health and recreational centers. (Havana Radio Havana Cuba in Spanish 0000 GMT 4 Jul 96)

Maria de los Angeles Garcia placed a wreath on the tomb of Cuban General Jose Maceo at the Santa Efigenia Cemetery in Songo-La Maya Municipality, Santiago de Cuba Province to mark the 100th anniversary of his death. Division Gen. Nestor Lopez and other high-ranking officers of the Revolutionary Armed Forces also attended the ceremony. (Havana Radio Rebelde Network in Spanish 1155 GMT 5 Jul 96)

General of the Army Raul Castro and Juan Almeida Bosque placed a wreath on the statue of Cuban General Jose Maceo in Santiago de Cuba Province to mark the 100th anniversary of his death. (Havana Radio Rebelde Network in Spanish 1700 GMT 6 Jul 96)

Cuban Foreign Minister Roberto Robaina will head his country's delegation to the first meeting of the Cuban-Chilean Joint Intergovernmental Cooperation Commission, which will hold its sessions in Santiago, Chile in late July. On Monday, 1 July, the head of Cuban diplomacy met with Chilean Planning and Cooperation Minister Luis Maira Orrego and discussed his upcoming trip to Chile. (Havana PRENSA LATINA in Spanish 2349 GMT 8 Jul 96)

Cuba: Roundup of Sugarcane Developments Through 14 Jul

PA1507040296

[FBIS Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 14 July.

Camaguey Province is facing a very unfavorable situation due to constant rains and time-consuming milling at various sugar mills. One out of every three sugarcane fields is full of weeds. Less than one half of the projected land was planted during the past spring campaign. The Provincial Bureau of the Communist Party of Cuba has urged sugar workers and everybody else in Camaguey to help plant 877 caballerias and remove the weeds from 10,700 caballerias before 26 July. In addition, the goal includes replanting the entire area that has been planted thus far and fertilizing cane shoots. (Havana Cubavision Network in Spanish 0000 GMT 3 Jul 96)

Nine sugar mills in Ciego de Avila Province are intensively doing maintenance work so as to complete repairs 30 days before the next sugarcane harvest begins.

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The workers' decision to postpone their vacation has played a decisive role. The Sugar Industry Ministry, Minaz, gives priority to maintenance work in July. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 7 Jul 96)

According to Minaz experts, the reduction of losses in fields, better training of workers, and the achievement of fresher sugarcane are important aspects that need improvement for the next sugarcane harvest in Las Tunas Province. Moreover, it is necessary to extend control over the ports and to increase the exchanges of information between laboratories and the provincial testing chambers of each industrial autonomous center. During the past harvest, this province achieved an average sugar recovery rate of 85.5 percent as well as a yield of 0.69 more than during the previous harvest. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 7 Jul 96)

Between January and June, Sancti Spiritus Province held first place nationwide in achieving 10 of the 15 basic tasks required to prepare the land for the upcoming sugarcane harvest. The provinces of Santiago de Cuba and Guantanamo held the second and third places respectively. By 30 June, Sancti Spiritus workers had cleaned by hand more than 9,750 caballerias, 600 more than last year, and they had planted 867 caballerias, surpassing the provincial target and last year's figure by 173. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 9 Jul 96)

Sugar production in Las Tunas Province registered an increase of 47 percent this year over the previous harvest. Efficiency indicators were above estimates: for instance, absolute sugar recovery was 85 percent. Las Tunas is among the four leading provinces nationwide this year. It has 10,000 caballerias planted with sugarcane. Its current yield is 36,000 arrobas per caballeria. (Havana Radio Rebelde Network in Spanish 1155 GMT 9 Jul 96)

The sugarcane planting campaign for the cool season began in Camaguey Province. At the end of the spring planting campaign, 1,044 caballerias had been planted, a figure that is below the needs for expected growth. The target for July is 425 caballerias, instead of the 877 that had been announced at the beginning of the rescue operation. The new planting strategy estimates a daily average of 17.5 caballerias. As of 9 July, 150 caballerias had been plowed. (Havana Radio Rebelde Network in Spanish 1700 GMT 9 Jul 96)

At the end of the first half of 1996, sugar workers in Sancti Spiritus Province increased the amount of sugarcane land by more than 400 caballerias. The provincial goal is to increase by 26 percent the rate of sugarcane delivery to sugar mills. During the past harvest, more than 50 percent of the production potential was achieved. (Havana Radio Rebelde Network in Spanish 1700 GMT 10 Jul 96)

On 11 July GRANMA reported that, throughout the country in the spring, 11,761.9 caballerias were planted, that is 81 percent of the goal. Some factors causing problems were the excess of humidity, the delay in plowing the land, and little aggressiveness in seeking new land for planting. Only seven provinces achieved their goals: Guantanamo, Santiago de Cuba, Holguin, Sancti Spiritus, Havana, Las Tunas, and Matanzas. Villa Clara Province planted the largest amount of land during this period. (Havana Radio Rebelde Network in Spanish 1700 GMT 11 Jul 96)

On 13 July the Cuban Workers Federation honored the brigades of volunteer cutters from Ciudad de la Habana who, during the last sugarcane harvest, had cut more than 50 million arrobas of sugarcane. Politburo members Pedro Ross Leal and Juan Esteban Lazo attended this ceremony and honored the most outstanding workers. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 14 Jul 96)

Cuba: Comparison—Castro Blames U.S. for Defections

PA1207042696 Havana Cubavision Network in Spanish 0132 GMT 12 Jul 96

[Comparative version of speech by Cuban President Fidel Castro at a ceremony to bid farewell to athletes representing Cuba at the Olympic Games in Atlanta; on 10 July, in Havana — originally filed from Havana Tele Rebelde and Cubavision Networks in Spanish at 0030 GMT on 11 July as PA1107043696 and adds and published on pages 2-5 of the 11 July Latin America DAILY REPORT; explanatory notes describe differences from original version]

[FBIS Translated Text] [Applause] Do not applaud too much, or you will be tired when you arrive at the Olympic Games.

Dear comrades: Can you hear me clearly? We will talk as a family, okay? This will not be a speech on occasion of your departure, when there is plenty of love, kisses, good wishes, and patriotism. Talking as a family means analyzing realities, in private, not in front of the stairs as you are about to board the plane. Besides, the sun is very hot, and it is scalding, so it would not be the best place to say a few things.

We have come here to see you off to the Olympic Games. Are these, however, like any other Olympic Games? A simple event? Plain and common Olympic

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Games? No. These are the most difficult Olympic Games in which we will participate, not only because we are going to compete in sports — they will be difficult sports-wise — but because of the conditions and the country where those Olympic Games are going to be held, under hostile conditions [clearing indistinct words from original Tele Rebelde and Cubavision version] against our country and our delegation. There will be attempts to hurt us as much as possible, and above all to deal moral blows against the country and the delegation. All resources, schemes, tricks, and cleverness will be used against our delegation. For that reason, more than saying that we are sending... [pauses] that we want to send a delegation of athletes, I would prefer to say that we want to send a delegation of patriots.

I would like you to be aware of all this. Wasn't there a sheet of paper? A small piece of paper, over there. What is that piece of paper doing over there? First of all, you must be aware of everything the country has done for sports. This is done every year in Cuba and it is currently being done during these difficult years, not in sports, in the INDER [National Institute for Sports, Physical Education, and Recreation] because this does not include the Higher Education Ministry and the Education Ministry — 115 million pesos. [rewording for clarity and to clear words indistinct from original Tele Rebelde and Cubavision version] That is the budget we have this year for sports.

There are 100 sports schools in the country, which are attended by 24,000 students. There are 32,000 professors teaching physical education and sports. All those professors have been trained in the sports schools and institutes and the Higher Institute for Sports.

Some 11,000 sports facilities remain operating. Not even during the special period has one professor been dismissed, nor has one single sports school or sports facility been closed. They charge. Yes, they charge peanuts. What we pay at sports facilities is just for fun, nothing else. What we charge for that is minimal compared to what all that costs. It is a right. It is not [clearing indistinct words from original Tele Rebelde and Cubavision version] for business, nor was it ever a business. This is a noble activity of our people, of our revolution to give the opportunity for our country to occupy fifth place in the world today, and where all children — without exception, regardless of who their parents are, without discrimination — have the opportunity to practice sports, and so that the entire people have the opportunity to practice sports.

Who are those 24,000 students? Whose children are they? Where do you come from? From what kind of bourgeois class, from what rich, what landowners, from what owner of sugar complexes are you? [clearing indistinct words from original Tele Rebelde and Cubavision version] You are simply the sons of the people, and all are sons of the people.

No country has done more than our country for the people and for sports, amid threats and blockade, and more blockade, and more laws, and more measures to prevent us from advancing. We are against the most powerful and rich superpower of the world. Our small besieged country has resisted. You go to the heart of that empire to compete now. All the odds will be against you. Athletes are loved by the people, who offer them support, love, and confidence. [clearing 13-second passage indistinct and indistinct words from original Tele Rebelde and Cubavision version] Our noble country is entitled to expect from its athletes and all those who have to do with sports exemplary, honest, and patriotic behavior. This conduct has been displayed by athletes throughout the years from the beginning, since the times we had to make threats that we could reach Puerto Rican shores by swimming.

As great examples, athletes continue in the insurmountable process. We are living, however, in a new age during which sports have been commercialized more and more because of great economic powers. Standards and rules have been broken in the Olympics in order to introduce professionalism into sports. Unfortunately, this has brought about some consequences.

I believe that athletes, their trainers, their instructors, everybody, the INDER, and every superior [clearing indistinct words and rephrasing per better reception from original Tele Rebelde and Cubavision version] should have a self-critical attitude. They should demand more from themselves. Just as everything else during our revolution, our sports have worked with morality as their foundation, but not upon materialism or money. Never would we use hypocritical words to lure athletes or workers in the athletics sector. [rephrasing per better reception from original Tele Rebelde and Cubavision version] If money were the foundation, we would not have the athletic movement that we do today. Neither would we have achieved the glory we have achieved so many years. [clearing indistinct words from original Tele Rebelde and Cubavision version] We should accomplish this based upon morality, conscience, patriotism, and integrity, because there have always been athletes, they always have, who in recent times have been lured by mercenariness, by commercialism, and by greed. These athletes have committed the villainous act of betraying their country.

You know what betrayal is. It goes back to Jesus Christ's days when, as the Bible tells us, Judas betrayed

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him. There have been Judases throughout history. We met many during the revolution. On the days of our clandestine fight, there were Judases who sold their fighting comrades. There were Judases who were in exile. We met Judases in the Sierra Maestra. This individual was in such a position that he was unable to stand the hardships of that fight. Therefore, they laid down their rifle and left, they left. [rephrasing per better reception from original Tele Rebelde and Cubavision version]

Throughout the revolution, we have had Judases in all sectors, including in the sports sector, where it possibly hurts people the most. It hurts them terribly and inflicts on them an enormous damage. [clearing indistinct words from original Tele Rebelde and Cubavision version] That there are Judases among the athletes, when the people put all their trust in them, all their love, all their support, freely, because they enjoy sports, because of the pride they feel for sports. Sports are the reason why some go to stadiums. Millions who participate in the thrill of sports through television and radio, moment by moment, minute by minute. This is something that hits very close to home, our country's most sensitive cords. [rephrasing and clearing indistinct words per better reception from original Tele Rebelde and Cubavision version]

Those who betray the warmest and purest sentiments of the people, are not just hurting those sentiments, they are hurting the country. They are encouraging the enemy who wants to destroy us, who is blockading us, harassing us. It encourages the enemy to continue onward with all his misdeeds against our fatherland. They betray the prestige of the country. They betray the country's sports. They betray their comrades. They betray everything! That is why if we recall the history of our sports, the heroic history that has given prestige to Cuba, you will understand the damage that is caused, in every sense, by a traitor — he who the revolution offered all its support, all its aid for the development of his abilities; he for whom the country rejoiced. They betray the nation, the loftiest sentiments of the nation. That is why, more than actual gold medals, silver medals, or bronze medals, we are interested in moral medals that the athletes can win. [clearing indistinct words and rephrasing per better reception from original Tele Rebelde and Cubavision version] The honor of our athletes interests us more than medals, the concept of self an athlete may have, and I cannot imagine what concept of self a traitor can have.

The enemy taps on those weak points. That is why the development of the muscles of the soul is more important than the development of the body's muscles. That is a task not just for athletes. It is the task for instructors, coaches, and an all. And history will never forgive a traitorous athlete, trainer, coach, or manager.

I think I could not bid you farewell today without saying this. There will be no attempts made to bribe athletes from any of the other 100 countries that will participate in the Olympics. They will not be asked to betray their fatherland, their sports, and their comrades. They can go there and calmly wander around, mostly because very few of them have the quality of our athletes. [clearing indistinct words and rephrasing per better reception from original Tele Rebelde and Cubavision version] The majority of the countries do not even have the resources and their governments do not bother to develop sports. What they want is the publicity. [clearing indistinct words and rephrasing per better reception from original Tele Rebelde and Cubavision version] The idea is to overwhelm our athletes with the ostentatious wealth they have accumulated at the expense of the world's exploitation.

They want to daze them, overwhelm them by showing them a marvelous — albeit cynical — world with more money. [rephrasing per better reception from original Tele Rebelde and Cubavision version] In the sports market that has been developed in recent times, certain sports have more commercial potential while others practically do not have any. These sports are not profitable.

While our country was preparing for the Olympic Games, they were drafting plans and more plans to see how they could get the athletes to desert and how they could deprive us of the best athletes. One of their strategies was to deprive our baseball team of its best players as they could not defeat our team under any circumstance. They wanted to strip our team of pitchers. They knew they could not defeat us in any other way. Thus, they bribed more than just one pitcher. They bribed the team's best pitcher. He was a person who was well respected and considered the best. We are talking about pitcher Rolando Arrojo, who disappeared. Obviously, he was bribed and we know who participated. They were scared because they could not defeat our baseball team and they bribed Osvaldo, they bribed (Livan), and they bribed Arrojo. [clearing indistinct words and rephrasing per better reception from original Tele Rebelde and Cubavision version]

It reminds me of the years in which they tried to leave us without doctors. We had 6,000 doctors and they took 3,000. We now have 60,000 doctors. [correcting figure from "70,000" per better reception in original Tele Rebelde and Cubavision version]

We have had our share of Judases at all times. They were bribed even before the Olympic Games started be-

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cause [laughs] their market value would have gone up after the games. [clearing indistinct words and rephrasing per better reception from original Tele Rebelde and Cubavision version] They could have been paid a lot more afterward, but it happened before the Olympics. The idea was to demoralize the team, which of course, has had a worthy reaction. They have not hesitated in condemning the action, the act of treason on the eve of the Olympics. [rephrasing per better reception from original Tele Rebelde and Cubavision version]

They also bribed boxers before the games. They knew they could not defeat us in baseball, they could not beat us in hitting homeruns, doubles, and triples. They want to defeat us by investing millions. They want to defeat us with their millions. We only have one weapon against that, men like Teofilo Stevenson. There was no money capable of bribing him. Men like Omar Linares. There was no money capable of bribing him, although they offered him large sums. Men like Felix Savon, whom they offered enormous amounts, plus others in sports such as baseball, boxing, or women's volleyball in which we have clear superiority. They did everything possible to deprive us of our best athletes; and they will do everything to deprive us of a medal, to deprive us of victory, to demoralize our athletes, to demoralize the country, and to get the enemy to threaten us and harass us even more. [clearing indistinct words and rephrasing per better reception from original Tele Rebelde and Cubavision version]

The comrade who spoke on your behalf said you will never betray the memory of those who sacrificed themselves, the memory of those who have fallen. There are many things that attack and offend us and that profane the memory of those who have fought, of those who have fallen, and of those who are fighting. They are offending those who have to be cutting and carrying cane by hand in a harvest such as this one, in which the food for the people and the resources for the athletes are produced. They are offending the teachers who educate our children amid harsh and difficult conditions. [clearing indistinct words from original Tele Rebelde and Cubavision version] They are offending those who are saving people's lives in hospitals. They are offending those who work in the heat of the furnaces, all our hardworking people, the fighters who defend the fatherland, the internationalists, who provided so much service to the fatherland, and those who were killed while providing those services.

We must bear these things in mind — you, the trainers, the athletes, and INDER, because we must gain some experience from all this. You cannot wage a self-sacrificing struggle in this country to train any athlete, or anyone, who is capable of such infamy, such a betrayal of the homeland, because it would be unfair to thus repay the people who have done the most for sports and sportsmen.

It is necessary that each of you think about these things when you are out on the track, the court, the field, or wherever; think about what you are defending; think about the things for which you struggle; and be capable, at that supreme moment of your effort, of giving all that a human being can give — and what a human being can give in this case is unlimited.

No one who is capable of appreciating these values, this spirit should ever be swayed by the temptation of driving a sharp knife into the backs of their people, who trust you so much. We have done everything possible for the athletes within this difficult special period. No one believed we would be able to support the athletes' movement and all the efforts we have exerted to support them [clearing indistinct words from original Tele Rebelde and Cubavision version], with everyone's effort. Even the athletes and the instructors, who go to other countries and give INDER part of what they receive, because INDER has no hard currency and has annual expenses. Part of these expenses have been paid by collecting funds that are used for the organization's basic expenses, awards for the teams. [rephrasing and clearing indistinct words per better reception from original Tele Rebelde and Cubavision version]

This has served to encourage all the athletes because, although it is true that some teams have a relatively high income, others have no income at all; and no athlete was forgotten when it was time to allocate a larger or smaller incentive. However, everyone made a special contribution to prepare for these Olympiads and to seek food — for the number of calories and proteins that all the national team needed. We had to make sure. We knew they should be strong, [clearing indistinct words and rephrasing per better reception from original Tele Rebelde and Cubavision version] they should lack nothing with regard to clothes and other material conditions, even during the special period, when there is a shortage of things, and when convertible currency may be needed to buy medicine for a child.

Obviously, we have made sure that no child lacks medicine, but you bear witness, you have lived in one of the most difficult times in this country, in the defense of its independence, in the defense of its integrity, in the defense of its ideas.

We are attacked because the powerful empire regards as enemies those who want justice for the world; they do nothing against those who are dominated, those who do not care about education, health, and sports. Their

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objective is sweeping from the Earth's surface those who have given an example — while performing your activities, you have witnessed the example our people have given, of their capability to gain fifth place in the world — by buying athletes. [rewording for clarity and to clear words indistinct from original Tele Rebelde and Cubavision version] You have witnessed our support for sports and our country's pride in sports. We must preserve that pride, that honor.

We are human beings, and all human beings have defects, just as we have some virtues. Human beings, however, can be motivated to give the best of themselves, they can make their utmost efforts, and they can appreciate their dignity, their honor, and the love they receive from their people. The love and confidence from the people cannot be shunned.

It is with this spirit that we want you to struggle, all of you, in these Olympic Games that will be so difficult, which will take place in the heart of the Empire that despises us, in the heart of the monster. I am not referring to U.S. citizens — many times deceived through vile lies that are written and published — but to the mechanisms and the system that prevails in that country, a corrupt and corruptive system. [rewording for clarity and to clear words indistinct from original Tele Rebelde and Cubavision version] I am referring to the extraordinary abundance of resources they have which they use to commit immoralities and injustices, and to continue waging the battle against this small country, which is shameful.

In boxing, it is tantamount to a fight between 20 kg and 100 kg. No, more than that, between 10 kg and 200 kg. This little David, however, of 5 kg or 10 kg, has a spirit of hundreds of kilograms, of thousands of kilograms. They have not been able to bring us to our knees in any field; they have not been able to take over Cuba, thanks to the heroic attitude of our people and our combatants.

Let us despise those who sell themselves for 13 coins, like those coins Judas was said to have received for his treason. Let us vindicate the honor of sports, and let us return as the Spartans did in the old days with the shield or on the shield.

The flag we have given you today is not to sell in pieces or to let anyone tear a single piece from it. The flag we have delivered to you today represents the fatherland, dignity, courage, and heroism. It represents honor. It will be the duty of each one of you, without exception, no matter what happens; it will be your duty to bring back that flag with glory and without stains. Socialism or death! Fatherland or death! We will win! [applause]

Haiti

Haiti: Session on Economic Reform Bill 'Boycotted'

PA1607025796 Port-au-Prince Signal FM Radio in Creole 1130 GMT 15 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] The deputies have made no progress on the bill about voluntary departure and the early retirement of the state employees. The deputies boycotted the session that was being held at the Chamber of Deputies on 13 July. They boycotted the session after the special commission that was working on the bill presented its report. The parliamentarians of the lower chamber applied the empty seat policy in order to have this session aborted at the moment when they should go to vote, after the special commission that was studying the government bill presented its report.

According to Deputy Josue Salomon, 42 deputies were present at the beginning of the session, and only 36 were there at the voting time.

[Begin recording] [Salomon] [passage omitted] According to the Constitution, no session can be held if there is no quorum. The quorum was very, very fragile. According to me, this is the reason why the session aborted.

[Unidentified reporter] What deputies walked out to have the session aborted?

[Salomon] Well, you know there is a certain number of people who have no interest in the reforms — we are very clear about it — especially the Lavalas deputies. Many of the Lavalas deputies do not agree with the economic program or, at least, as they do not agree, they used all strategies to lead their battle. I do not know if their battle draws its inspiration from the 45th Legislature that had an empty seat policy. Primarily, there was no quorum. They went to look for people in all the corridors and even after a few people came, since they saw that the quorum was fragile, they stepped out quickly.

[Reporter] But I remember you went to the National Palace on 9 July and it seemed that a consensus had been reached on that.

[Salomon] I do not want the people to misunderstand things. I explained — I do not remember to what radio station I gave the explanations to — I said that the economic program does not meet unanimity in any political party, even less in a large political family. This means every single group of people, each man, if you wish, have their own positions about it. If you take the Lavalas Political Organization [OPL] for instance, you will realize that there is an important number of people

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in OPL who agree, as well as an important number of others who disagree, and there is no argument that can be used to convince those who do not agree. They disagree and have clearly taken their stands. [passage omitted] [end recording]

Haiti: Deputy on Voting Process of Economic Bill

PA1607025996 Port-au-Prince Signal FM Radio in Creole 1130 GMT 15 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] Concerning the economic issue, today is 15 July, the deadline for the Haitian Government to send to the international donors the program of privatization of the state-owned enterprises and the reforms that need to be made in Haiti. Anyway, Economy and Finance Minister Fred Joseph has to go once again tomorrow, 16 July, to the Chamber of Deputies to complete the explanations he gave last week on the bill on early retirement in the public administration.

During a session held on past 13 July at the Chamber of Deputies, the latter showed their willingness to convene Minister Fred Joseph once again at the Parliament. The parliamentarians, who say they are not quite satisfied with what he said last week, asked for explanations regarding the law on public administration in Haiti. They assert that they were not satisfied with the [words indistinct]. Let us listen to the explanations of Deputies Ducatel and Guy Meta Metayer at the microphone of Jean-Pierre Leroy.

[Begin recording] [Deputy Ducatel] The commission has been called up with some hastiness. So, the commission was not able to answer a certain number of questions that were being asked, and that we understand.

[Leroy] They have asked that Finance Minister Fred Joseph come to support this law while they are going to vote it.

[Ducatel] It is something normal. It is the finance minister. Let us say that at the government they have their own project, they have their own action plan, they are the ones who know how many people are state employees. So, you cannot come, and expose a commission to public scorn.

[Leroy, in progress] ...15 July. We know these two bills must be voted on, so they can be sent to the board of the IMF and so that on 29 July the board can give a definitive ruling on them. In his press conference, the president was very positive, very optimistic. He said that everything was going very well at the Parliament.

[Ducatel] Well, all I can say is that if somebody, who brought in a law about four days ago, says it will be voted between now and 15 July, I say he seems to ignore completely the voting procedures within the Parliament. First, as far as the Senate is concerned, although they already brought it in, based on the same fact that they did not sign it, the Senate has stopped working. [words indistinct] The second aspect is that even if it was voted here, the modifications that will be done in this matter are something else. Even if they voted it, what about the Senate that has stopped working? How can you say that there would already be something on Monday 15? That is nonsense. [passage omitted] [end recording]

Haiti: 14 Jul 'Deadline' Set for Constant Deportation

PA1407143796 Port-au-Prince Radio Galaxie in French 1700 GMT 8 Jul 96

[Report by Evans Hilaire — passages within slantlines in Creole]

[FBIS Translated Excerpt] As for the Emmanuel Constant issue, representatives of people's organizations led by Ansito Felix, secretary general of the Anti-FRAPH [Revolutionary Front for the Promotion and Progress of Haiti] Organization for a Better Life, ended their hunger strike on 6 July, but for the U.S. authorities they set a deadline of 14 July to deport former FRAPH leader Emmanuel Constant to Haiti. The hunger strikers harshly criticized U.S. Ambassador to Haiti William Lacy Swing, whom they called a crooked dealer and liar.

Evans Hilaire reports.

[Hilaire] /The Anti-FRAPH Organization for a Better Life, the Loko Azando Alliance for Development of Haiti [Alyans Loko Azando pou Devlopman Ayiti — Alada], and several other organizations organized a four-day hunger strike in front of the U.S. Embassy in Bicentenaire to demand the quick deportation of leader Emmanuel Constant and to set 14 July as the deadline for the U.S. authorities to say when they will deport Emmanuel Constant to Haiti.

/Anti-FRAPH Secretary General Ansito Felix, Mans Peter, Kenol Joseph, and others have said they have decided to give the U.S. imperialists a hard time the next few days:

[Begin Felix recording, in progress] /...will be an exciting course of action that will make us follow Qadhafi's example despite incoherent statements we have heard. With this action, we may surprise the U.S. criminals who fear neither God nor man with a view to making them respect the characteristics and sovereignty

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of a little country used to fighting great powers; that is, Haiti. [passage omitted]

/The Anti-FRAPH Organization for a Better Life and Alada, through myself, Kenol Joseph, and Mans Peter, have decided, after receiving the consent of the majority of our members, to give the U.S. imperialists a hard time the next few days if they do not deport Constant by 14 July at the latest. [passage omitted]

/If the deadline we have issued is not respected, we will humiliate and soil the U.S. flag just as they humiliated and soiled our country's flag in July 1915, but we will do so in a different way, because we are Ogoun [name of the voodoo god of war]. I believe this statement is quite clear. [end recording]

[Hilaire] /Furthermore, Ansito Felix has said they were harassed while standing in front of the U.S. Embassy. According to Felix, a green pickup van drove up with individuals aiming weapons at the strikers the night of 4 July. According to Felix, the armed individuals later drove away with a portion of the document on FRAPH that included the names of people who were very influential during the September 1991 coup d'etat. [passage omitted]

/Mans Peter also criticized U.S. President Bill Clinton, who, he has said, is a promoter of lies:

[Begin Peter recording] /I, Mans Peter, say we cannot trust too much the statements of a government that is a promoter of lies. As for President Clinton, I assume my responsibilities in asserting that William Jefferson Clinton is an arrogant liar. Everybody knows the lies he has publicly stated at the National Palace, where he has promised thousands of kilometers of roads and many other things. We have seen that he is a liar; thus, today we will not trust a government that is used to lying, but we are saying one thing. They have not yet given us what we are asking for. We are telling them we have set 14 July as the deadline for telling us on what date in July they will deport Constant.

/We warn all other peoples in America, because it would be an injustice if they allow the U.S. Government today to break the extradition treaty it signed with Haiti on 9 August 1904, if they allow the U.S. Government to disregard the judicial decision the U.S. Department of Justice took in Maryland recently. [end recording]

[Hilaire] /The leader of the Loko Azando Alliance for the Development of Haiti, Mans Peter, has said the people have asked for the solidarity of all other peoples in America so this case of injustice will not merely go away and so the citizens of another country will not find themselves in such a negative situation tomorrow./

Haiti: Government Said To Do 'Everything' for Investments

PA1307023796 Port-au-Prince Radio Metropole in French 2200 GMT 10 Jul 96

[From the "Evening Current Events" newscast; passages within slantlines recorded]

[FBIS Translated Excerpt] President Preval's speech has been clear as to the economic reform issue. While receiving U.S. businessmen at the National Palace on 10 July, the head of state reiterated the commitment of his government to carry the economic program that is supported by the international donors through to a successful conclusion. President Preval assured the U.S. businessmen that the government will do everything to favor investments in the country, and thus bring about a gradual reduction in unemployment.

Speaking before the U.S. businessmen of the subcontracting sector, President Preval expressed his satisfaction about the political stability that has begun attracting a greater number of investors to Haiti. The president pointed out in clear terms that the struggle for employment represented one of the priorities of his government.

[Begin Preval recording] We will do everything that is possible to dialogue with those potential investors to bring them to Haiti so that we can first reach at least the same employment level of 50,000 as before the coup d'etat, and then go over this figure. We are working not only with the people who are in the subcontracting sector but also with investors of other areas such as tourism and so on. Thus, what I am expecting from this meeting is to answer the investors' questions, and to listen to their suggestions so we can reach a gradual reduction in unemployment in Haiti. [end recording]

The head of the Presidential Commission for the Growth and Modernization of the Economy, who accompanied President Preval, listed the bills the government will have to present soon to the parliament. According to Mr. Jean-Edouard Baker, these bills should help create a better environment for the businessmen who would like to invest in Haiti.

[Begin Baker recording, in Creole] There are four factors that are important for them when they are looking for places to invest in. I believe it is important for us to have political stability. They have come to analyze the structures and infrastructures of the country. And they have specially come to see if we are competitive. I believe that Haiti has already proved that it has a comparative advantage in this sector. So, it is a sector that can very quickly create new jobs in the country. One of the things the presidential commission has tried to do is to create incentives or investment

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pockets, such as free zones, in order to see how we can encourage such investments.

With this in mind, we presented three particularly interesting projects to the president. The first one is a framework law for the creation of free zones, the second one is aimed at setting up a promotion and investment center, and finally we are finalizing a project aimed at revising and updating the investment code. [end recording]

Speaking for his part on behalf of the U.S. delegation, Ambassador William Lacy Swing hailed President Preval's firm position on the economic reform issue. The U.S. diplomat communicated figures relating to the creation of jobs in the subcontracting sector since 1995. [passage omitted]

The U.S. businessmen, who have been visiting Haiti since 9 July, represent about 10 companies including JC Penney. They will have working sessions with members of the Haitian private sector in the prospect of creation of jobs in the country. Other U.S. businessmen missions are supposed to visit Haiti in the coming months, according to Amb. Swing.

Haiti: Preval on Need for Parliament To Approve Bills

PA1307043496 Port-au-Prince Signal FM Radio in Creole 1130 GMT 11 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] [passage omitted] These were statements by President Rene Preval who recalled that he had a meeting on past 9 July with several parliamentarians on the economic reforms in Haiti. He invited the elected representatives to go fast with their works so everything can be over by 15 July, so Haiti does not lose the chance of boosting its economy.

[Begin Preval recording] Lavalas parliamentarians participated in it but other parliamentarians were also there. We showed them the urgency of the question. We have to bring in these last two laws with the whole package we have already set... [pauses] It is these last two laws that we will bring in on 15 July, that we will send to the IMF so they can examine them for 15 days, so they can present them to the board. If this is not done, here is what will happen: Between now and September, we will lose U.S. $106 million, if my calculations are correct — 1.6 billion [currency not specified]. Is that right? [unidentified voice in background says: "gourdes"] This means that the budget we had will be reduced by the same amount. As we have already spent that money over the rest of the year, this means that we are almost a jammed country. Second, we will lose U.S. $120 million for support to the balance... [pauses] support to the budget. We just voted a budget of 7.7 million [currency not specified]. If the Parliament wants to remain consistent with [words indistinct] this budget, it should support the economic reforms so we do not lose these 120 million [currency not specified]. Otherwise, the budget will be reduced to 3.9 billion gourdes. It will go down 5.7 and will end up in 3.9 billion gourdes. About 2.3 of this 3.9 billion is earmarked for salaries. We have 800 million [currency not specified] that is intended for the debt service. This means the country will live during the next fiscal year with 800 million gourdes as operational expenses [words indistinct]. [end recording]

Haiti: Preval 'Confident' Program To Pass at Parliament

PA1307043396 Port-au-Prince Radio Metropole in Creole 2000 GMT 11 Jul 96

[Report by unidentified correspondent on news conference by President Rene Preval at the National Palace in Port-au-Prince on 11 July from the "4 O'clock Express" newscast]

[FBIS Translated Text] Haitian President Rene Preval, Prime Minister Rosny Smarth, and some members of the government have asked the parliamentarians once again to vote the remaining two bills quickly so the government can present all documents on the negotiations to the board of directors of the IMF. President Preval, Prime Minister Smarth, and Finance Minister Fred Joseph defended the government's economic policy which, they said, brought good results. The president spoke of the fall in the dollar exchange rate and of the order prevailing in the public expenses.

Concerning the negotiations, President Rene Preval believes the government has fulfilled its mission. He informed that the programs that have been negotiated will be good for the country. According to Mr. Preval, these programs will make the public administration become more effective. According to Mr. Preval, these programs will allow the government to enjoy several hundred million dollars, more than one billion dollars for investment projects over a period of three years. The Haitian president has said it is more than time for the country to be unblocked. This is why, he has encouraged the parliamentarians to vote the bills. President Preval added that he is not selling state-owned enterprises, but he will allow private investors to participate in their functioning so they can give a better output and offer better services. The finance minister and the president said they believe the parliamentarians will understand how urgent the question is.

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[Begin Preval recording] This is important now in the country. The parliamentarians are Haitians. They are prompted by the same feelings as we. We personally know many of them. They are staunch people. They wanted to understand and they have begun understanding. They will agree. This is what I mean: I am confident that the program will pass because it is a good program for the country. When there are misdemeanors in it, we will correct it with the participation of everybody so it can bring results to the Haitian people.

I do not believe that [words indistinct]. The Haitian people are listening to us; the parliamentarians are listening and understand. The program will pass. Try to understand why the minister has told you. A budget has been voted, for example, with 1.6 billion gourdes as support to the budget, that is external aid. The conditions for this external aid are the following: As you have already voted the budget, you must now vote the conditions if you wish to get the 1.6 billion gourdes. Let us say at a pinch that it does not work, we will then have to tighten our belts. As for me, I am convinced that if we fail economically, we will fail politically as well.

The Haitian people voted for an improvement in their living conditions. The reforms in the public administration, as I used to hear, changing the state is what we are doing: A performing government, a government in which there is no idleness, a government in which there is no incompetence, a government in which there is no partiality based on the fact that one is related to Preval or Rosny Smarth, and so on or a group of state servants who are idling away because they are Lavalas or because of political partisanship.

First, changing the government, putting the number of people that is necessary in it, putting in it competent people whose jobs are necessary. This is what the Haitian people have asked us. Second, we are negotiating [words indistinct] a debate that gave rise to many comments: the privatization issue. We are negotiating; we have not abandoned any asset, we will not sell anything, we will just allow these enterprises to work better. It is time that there be electricity throughout the country. It is time that there be water throughout the country. It is time that there be roads throughout the country. This is what we are negotiating. We are negotiating economic development that is supposed to support the Haitian people so they can continue to wage the struggle for democracy.

We hope that with the internal logic of the program we will have the support of the Parliament like it has begun being done because I just informed you of a set of fiscal laws that have already been voted. The budget has already been voted. The two laws have been accepted, they are discussing them, and thanks to all the meetings we had with them, there were apprehensions that are... [pauses] there were explanations and we are firmly convinced that the laws will pass. Thank you very much. [end recording]

These were statements by Haitian President Rene Preval and Haitian Finance Minister Fred Joseph.

Haiti: Union Says Adjustment Program Must Not Be Passed

PA1407150796 Port-au-Prince Signal FM Radio in Creole 1130 GMT 12 Jul 96

[Report by Luckenson Jean from the "0730 Appointment" newscast]

[FBIS Translated Excerpt] The structural adjustment program of the Rosny Smarth government must be neither passed nor implemented in the country in any form, according to Jean-Auguste Mesyeux, leader of the Autonomous Organization of Haitian Workers [CATH] who on 11 July held a news conference during which he negatively assessed the first five months of the Smarth government and accused the members of the 46th legislature of having received money from the U.S. Government to pass the plan for the privatization of the state-owned enterprises.

Luckenson Jean reports.

[Jean] The structural adjustment program of the Rosny Smarth government will not pass in any form, said CATH leader Jean-Auguste Mesyeux during a news conference on 11 July, stating his position on the economic program of the Smarth government, which he said has proved its incompetence and incapability. Mesyeux termed as an economic crime the situation of the 7,000 state employees who will be part of the army of unemployed. [passage omitted]

The commander in chief of Operation Storm Wind criticized the members of the 46th legislature who he believes have sold their souls to the devil by ensuring the approval of the death plan. According to Mesyeux, they have received $30,000 from the U.S. Government to make the people swallow the bitter pill. Furthermore, he said that the so-called authorities do not have control over the country and that thieves and embezzlers continue to move about freely with impunity by the justice department. [passage omitted]

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Haiti: Ex-President Aristide Visits Japan; Interview Noted

PA1407135796 Port-au-Prince Signal FM Radio in Creole 1130 GMT 12 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] Former President Jean-Bertrand Aristide will depart today for Japan, where he will stay for three days in response to an invitation from the United Nations and several Japanese universities. He will participate in the presentation of the UN report on human development. During his stay in Japan, Aristide also will receive from a Japanese university the title of honorary doctor.

He has denied the rumor he is departing the country with a one-way ticket and has called it unfounded. I will return to my country at the end of the month, said the former head of state.

In an interview with the INTER-PRESS SERVICE [IPS] NEWS AGENCY, Aristide has asked all Haitians to unite, sit down together, hold talks, and cultivate a democratic spirit. Division will lead us nowhere and will bring us only failure. Unity alone is the democratic force that will lead us to the state of law for which everybody wishes. Instead of remaining divided, we should raise our heads higher to make democratic compromises, said the former head of state in the interview with IPS.

The former president has insisted on unity even within the Lavalas political family, which is divided on the economic reforms that will culminate with the privatization of the state-owned enterprises in Haiti, the liberalization of the market, and reforms of public administration in Haiti.

Jean-Bertrand Aristide interprets the divergences between the government of Prime Minister Rosny Smarth and the parliamentarians who do not agree with the economic reforms [words indistinct] as a part of the democratic learning process, which is dynamic and needs to have many talks, said the former head of state who says big debates and compromises must occur within the Haitian political sectors. Democracy must be established in Haiti. The transitional period through which we are living today requires democracy, he has said.

As for his relations with President of the Republic Rene Preval and a possible conflict with him, the former president has said his presence at the National Palace last week took place during a private visit he wanted to make to the new Haitian head of state, President Rene Garcia Preval. [passage omitted]

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Mexico: 'Counteroffensive' to U.S. Law To Be Reactivated

PA1607012796 Mexico City NOTIMEX in Spanish 2257 GMT 15 Jul 96

[FBIS Translated Text] Mexico City, 15 Jul (NOTIMEX) — The Mexican Government will reactivate its counteroffensive to stop the implementation of Chapter Three of the Helms-Burton law and is preparing to use all the instruments at its disposal to defend Mexican exporters.

"Mexico will prevent any violation of NAFTA," Commerce Secretary Herminio Blanco said hours before President William Clinton must decide whether he will authorize or delay the implementation of that chapter.

Chapter Three authorizes U.S. citizens to sue in U.S. Courts foreign companies using properties confiscated by President Fidel Castro's government to conduct their business in Cuba.

"We are clearly saying that any violation of NAFTA would force Mexico to request the process to solve controversies, a mechanism included in the trilateral agreement," Blanco said in a statement to the local press.

At the same time, the Mexican Foreign Secretariat (SRE) has asked the U.S. State Department to recommend to President Clinton using the authority granted him by Section 306 (B) of the Helms-Burton law to suspend the implementation of Chapter Three.

In its note to the State Department, the SRE reiterated that the implementation of that law is contrary to the principles and objectives of the United Nations, the WTO, and NAFTA.

The SRE stressed that this chapter not only contravenes the principle of respect for the sovereignty of states, but also prevents the consolidation of regulations that will guarantee the free trade promoted by the majority of states in the international community.

"Therefore, the suspension of Chapter Three of that law could encourage the cooperation that should prevail in relations between Mexico and the United States," the SRE said in its note.

Meanwhile, the Mexican Congress strongly rejected the attitude assumed by U.S. Senator Jesse Helms, creator of the Cuban Liberty and Democratic Solidarity Act (Helms-Burton law). Helms referred to Mexico in offensive and slanderous terms for opposing the law.

Senators from the Institutional Revolutionary Party, National Action Party, Party of the Democratic Revolution, and the Labor Party, said that Helms remarks are not consonant with the level of respect and communication that should exist in bilateral relations.

The Mexican Congress is also studying the possibility of calling a special period of sessions to approve an "antidote law" against the Helms-Burton law, which would give Mexican enterprises a legal recourse to face U.S. suits with countersuits in Mexico.

Should Chapter Three be implemented on 1 August, Mexican enterprises would be unprotected without a local law to defend them, Miguel Angel Gonalez Flix, a legal adviser to the Foreign Secretariat said.

Gonzalez Flix urged the Mexican Congress to expedite the approval of the "antidote law" in order to have the juridical instruments to protect the interests of Mexican enterprises.

Mexico: Measures To Counter Helms-Burton Law Urged

PA1607030896 Mexico City LA JORNADA in Spanish 12 Jul 96 p 1

[Report by Patricia Munoz and Armando Torres — received via Internet]

[FBIS Translated Text] Hector Larios Santillan, president of the Business Coordinating Council (CCE), has said the Mexican Government must expedite implementation of an antidote law against the Helms-Burton law, because there is an urgent need to establish legal mechanisms allowing national firms to defend themselves from U.S. measures and accusations.

Meanwhile, Jorge Escamez Ferreiro, president of the Northeast Chapter of the National Council of Foreign Commerce (Conacex), noted that "the Foreign Relations Secretariat has so far not been able to establish legal mechanisms to neutralize the Helms-Burton law," and thus, uncertainty about its effects among firms is growing.

The two leaders believe it is urgent to adopt legal measures to offset that legislation and to ease the anguish of Mexican businessmen.

Larios said the private sector advocates a public declaration on the unconstitutionality of the Helms-Burton law, because it goes beyond the borders of the country of origin, and also a strong international call for a bilateral solution to the U.S.-Cuban conflict, and to ensure it does not affect third countries. The most important thing is to adopt preventive measures such as expediting implementation of an antidote law, Larios added.

"We must get used to this new phase in the country that involves economic globalization and also to the fact

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that we will most probably be facing problems of this nature on a daily basis. Today it is with the United States, tomorrow it could be with the European Union, and on another day it could be with a Latin American country. Thus, Mexico must adopt legal measures to defend itself," he noted.

Escamez pointed out that if the Helms-Burton law is not revoked, international financial markets could become unstable as a result of the defensive measures that affected countries, such as Mexico and Canada, would be forced to adopt.

The Monterrey businessman said that this law causes imbalances, it is not in keeping with the reality of globalization, and violates the North American Free Trade Agreement (NAFTA). For these reasons, he regrets that Mexican authorities have not yet adopted any measure to neutralize it.

A report from Washington indicating that the Domos Firm will be notified in the next few days about a sanction imposed by the U.S. Department of State was leaked to the Monterrey financial sector. Domos President Javier Garza Calderon and other top leaders of this firm would be banned from U.S. territory starting in August.

Domos would be the second firm punished by the U.S. Government. The first one was the Canadian Sherritt International Mining Company.

Mexico: President Zedillo's Trip to Veracruz Viewed

PA1607023196 Mexico City XEW Television Network in Spanish 0330 GMT 12 Jul 96

[From "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo has urged Mexican businessmen to continue promoting productive projects to encourage job creation. During a meeting with Veracruz's business sector in Orizaba, the president said that the government has a clearly defined course, and he added that the confidence of businessmen has sound foundations as shown by economic indicators:

1. In April 1996, manufacturing production increased by 11.4 percent compared to the same month in 1995. This is the largest growth since 1994.

2. In June 1996, inflation reached 1.6 percent compared to 3.2 percent in 1995. In June Mexico had the lowest inflation in the past year and a half.

3. Trade balance. In May 1996 Mexico registered a surplus of almost $560 million. During the first five months of 1996 Mexico registered a surplus of $3.35 billion, 35 percent higher than during the same period in 1995.

4. Permanent workers insured by the Mexican Institute of Social Security. In June 1996 there were 67,108 new insured workers. From July 1995 to June 1996, the number of insured permanent workers increased by 410,000.

Veracruz businessmen promised to the president to make investments for 2.71 billion pesos.

[Begin President Zedillo recording, in progress] ...commitments, which according to the report that was handed to me, will create over 9,000 direct and indirect jobs. [end recording]

During the celebration of Arbor Day in Paso de Ovejas municipality, the head of the executive branch announced the adoption of strong measures to fight illegal tree felling and illicit trading of forest products. Julia Carabias, secretary of environment, natural resources and fisheries, spoke at the event. National Defense Secretary General Enrique Cervantes Aguirre also attended the celebration, because among those receiving forestry awards were two high-ranking military men for their participation in reforestation and forest fire fighting.

Along with Veracruz Governor Patricio Chirino, and Communications and Transport Secretary Carlos Ruiz Sacristan, President Zedillo inaugurated the Esperanza-Ciudad Mendoza Highway, which is the last portion of the speedway between Mexico City and Veracruz.

In a town of the Huasteca region of Veracruz, the president headed a ceremony in which more than 11,000 ejido title deeds were distributed.

In the afternoon, at the port city of Veracruz, the president met with the state's 207 municipal presidents, and in Boca del Rio, he attended a meeting to assess the results of the Alliance for the Countryside.

The president will return tonight to Mexico City.

Mexico: Roundup of Economic Developments Through 15 Jul

PA1607005396

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 15 July.

The Japanese Government will grant economic assistance to Mexico worth more than 100 million yens, about $900,000, an item by the Japanese KYODO News Agency states, according to an 8 July report datelined Tokyo. This agreement was reached during the four-day

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visit to Japan by Mexican Foreign Secretary Jose Angel Gurria. He arrived in Tokyo on 7 July after visiting four Southeast Asian countries. According to KYODO, $450,000 will be used to purchase lighting and audio equipment for the San Idelfonso Museum and the rest will be spent on audiovisual equipment for Guanajuato University. Gurria met separately with Prime Minister Ryutaro Hashimoto and with Foreign Affairs Minister Yukihiko Ikeda. (Mexico City NOTIMEX in Spanish 1434 GMT 8 Jul 96)

The Bank of Mexico announced on 9 July that inflation for June was 1.63 percent in relation to May, according to a 9 July report datelined Mexico City. The national consumer price index increased 15.31 percent. A communique states that this has been the lowest inflation rate since December 1994. The 15.31 percent national consumer price index is less than half of that registered during the same period in 1995, when it reached 32.92 percent. (Mexico City NOTIMEX in Spanish 2301 GMT 9 Jul 96)

Gilberto Borja, national director of the National Finance Bank, Nafin, announced on 8 July a 2.5 billion-peso program to support economic reactivation in the federal district. He said that Nafin makes these funds available for the use of Mexico City entrepreneurs. Borja believes this will give support to 2,900 micro, 1,900 small, 150 medium-sized, and 50 big businesses, for a total of about 5,000. This will save 70,000 jobs and will create about 15,000 news ones. (Mexico City XEW Television Network in Spanish 0330 GMT 9 Jul 96)

Fishing dropped 40 percent in some Mexican sea regions due to the lack of net-fishing regulations, stated the National Consultation Committee for the Normalization of Reasonable Fishing Practices, according to a 10 July report datelined Merida, Mexico. If this situation persists, fishing activities could drop more in the next few years, said the secretary of this organization, Raul Villasenor Talavera. (Mexico City NOTIMEX in Spanish 0740 GMT 10 Jul 96)

Mexico's Tourism Secretariat has reported that the country's average hotel room occupancy for the first half of the year was 58.7 percent, according to a 10 July report datelined Mexico City. Last year's occupancy for the same period was 55.9 percent. (Mexico City NOTIMEX in Spanish 0838 GMT 10 Jul 96)

Mexico's unemployment level represents a threat to the country's "human security." From 1982 to 1994, only 2.4 million jobs out of the 12 million that should have been created to fill the job demand the population growth requires, were created. (Mexico City LA JORNADA in Spanish 12 July p 1 — received via Internet)

Official sources have reported that in May, for the first time ever, Canada replaced the United States as the largest foreign investor in Mexico, with $373.4 million, 42.5 percent of the $879.3 million invested that month, according to a 14 July report datelined Mexico City. (Mexico City NOTIMEX in Spanish 2003 GMT 14 Jul 96)

According to a Mexico City 15 July datelined item, a study of Obrera de Mexico University, has revealed that in 1995, Mexican workers illegally in the United States sent home more than $3.063 billion, the country's third most important income figure. (Mexico City NOTIMEX in Spanish 1712 GMT 15 Jul 96)

Alfredo Tinajero, president of the Mexican Association of Hotels and Motels, has reported that the overdue portfolio of the Mexican hotel industry is $4.5 billion. Meanwhile, Mexican exports continue to increase. In May, Mexico exported $8.046 billion worth of goods, the largest such figure in the country's commercial history. Imports for that mo.th were for $7.514 billion. (Mexico City XEW Television Network in Spanish 0330 GMT 10 Jul 96)

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El Salvador

El Salvador: CO-LATINO Director Arrested on Libel Charges

PA1307001296 San Salvador Radio Cadena YSU in Spanish 1800 GMT 12 Jul 96

[Report by Ernesto Landos; from the "YSU Radio News" newscast]

[FBIS Translated Excerpt] The director of CO-LATINO newspaper was arrested by members of the National Civilian Police this morning while on his way to work. We investigated the case and we went to the emergency center of the National Civilian Police, where we were able to obtain statements by Francisco Valencia, director of CO-LATINO newspaper, who was arrested by the police after having been accused of libel. [passage omitted]

We have a communique from the Association of Foreign Press Correspondents here in El Salvador on the arrest of Francisco Valencia, director of CO-LATINO newspaper:

To the national and international public:

The Association of Foreign Press Correspondents condemns the arrest of journalist Francisco Elias Valencia, director of CO-LATINO newspaper, carried out by members of the National Civilian Police today. The Association of Foreign Press Correspondents wants to show its solidarity with Francisco Elias Valencia deeming that his arrest was not only arbitrary, but was an attack on freedom of the press and the exercise of journalism in El Salvador. Valencia is accused of alleged libel against a subcommissioner of the National Civilian Police, whom CO-LATINO accused of an act of corruption within the police corps. He was asked to reveal the source of his news, which is ethically prohibited in journalism.

The Association of Foreign Press Correspondents demands from the proper authorities the immediate release of Francisco Elias Valencia because his arrest is not only a serious violation of freedom of the press but also a blow to the still fragile democracy in El Salvador. The Association joins the call made by the Association of Salvadoran Journalists who asked that no journalist should accept any type of homage or tribute on the occasion of Journalists Day, which is celebrated on 31 July, if Valencia is not released by then.

[Signed] Association of Foreign Press Correspondents

[Dated] San Salvador, 12 July 1996

Guatemala

Guatemala: Extremists Said Not To Affect Peace Talks

PA1407191196 Mexico City NOTIMEX in Spanish 0028 GMT 11 Jul 96

[FBIS Translated Text] Guatemala City, 10 Jul (NOTIMEX) — Guatemalan President Alvaro Arzu said today peace negotiations will not be negatively affected by "extremists" who are attacking the guerrilla leadership.

Arzu believes the accusations against the rebel commanders for "betraying the revolutionary process" are part of the harassment to which "the two parties negotiating" the peace agreement are being submitted.

Guatemalan National Revolutionary Unity (URNG) commanders denounced in Mexico on 8 July that "people protected by various ideological flags" are trying to "de-legitimize" the great, national peace effort.

Peasant, union, and human rights organizations have expressed deception regarding the agreements between the URNG and the government, specifically on agrarian and socioeconomic issues.

The president said the attacks against the rebel commanders and on some occasions against the government negotiators "are extreme positions we have condemned on a number of occasions."

In comments to reporters, Arzu denied these "extreme positions" will interfere with the peace negotiations between the government and the URNG.

"The government and the URNG are seeking wise, sensible, feasible, and logical positions, but the extremists want other kinds of solutions. The two parties are aware they must sign a peace treaty as soon as possible," Arzu warned, adding that "all these attitudes or extremist positions against the two negotiating parties regarding what should or should not be done does not bother me."

The rebel commanders assured the "individuals who did little or nothing for the people during three decades are casting doubt on the moral integrity of the URNG command and the manner in which it is conducting the negotiations."

The rebel leaders disqualified their detractors and rejected accusations that they had entered in a "dark conspiracy" with the government, as part of the peace negotiations.

The negotiations between the government and the guerrilla forces, which are taking place in an unusual climate of understanding between the two parties, are ex-

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pected to end in September with the signing of a definitive peace agreement, Arzu added.

Guatemala: Arzu on Achievements of First 180 Days

PA1407232096 Guatemala City PRENSA LIBRE in Spanish 11 Jul 96 p 3

["Excerpts" of interview with President Alvaro Arzu Irigoyen by PRENSA LIBRE staff on 10 July; place not given]

[FBIS Translated Excerpt] [PRENSA LIBRE] What is your assessment of your first 180 days in office?

[Arzu] There was an eminently positive balance in all areas of public administration. This, however, does not mean we do not have any problems. We indeed have them because we have been tolerating problems for many years that cannot be corrected in six months.

I can, however, say that in these six months there has been an irrefutable change in the efficiency, effectiveness, and honesty of our administration. I should not be saying this; the people of Guatemala should judge our actions.

[PRENSA LIBRE] There has been progress with regard to peace, but you have been criticized in the economic and security areas. It has even been said that crime has the government on its knees. What do you have to say about this?

[Arzu] I am not on my knees before anyone but God. Neither crime nor any pressure group has me on my knees. Some want my government to adopt extreme measures in the peace talks, but this is not advisable in the modern world.

Frankly, I could not care less if those who advocate extreme positions criticize what my government did or failed to do in the past six months.

[PRENSA LIBRE] What about your performance in the economic area?

[Arzu] Everything is fine with the national economy at this time. There has been much talk that the country is facing a recession, but that is also true for all of Latin America. No country in the region has been spared lower international prices for their traditional exports in the past months.

Guatemala is a country with immense potential, and it has a solid economy, the exchange rate is stable, and the inflation rate is within reasonable parameters. The inflation rate has not skyrocketed as in other countries.

We have increased the exports of nontraditional products, and we are producing half of the petroleum we consume. By the end of my government, Guatemala will become self-sufficient in this area. Moreover, we are the natural limit of the world's largest market (NAFTA, comprising Mexico, the United States, and Canada), and we have extraordinary human resources.

[PRENSA LIBRE] Have you successfully dismantled groups involved in kidnappings?

[Arzu] We have had great success in the area of kidnappings.

The National Police, through effective and efficient work, have captured many rings, some of them red-handed. There is no turning back, but we cannot deny that there are still some problems.

[PRENSA LIBRE] What are the problems related to these kidnapping rings?

[Arzu] The main problem is collecting all the necessary evidence for the Public Prosecutor's Office, which must in turn obtain further evidence for the courts that will issue the rulings.

Another problem we are currently confronting is ensuring that criminals do not become the victims and the victims do not become the accused, as has been the case in some cases after the courts have issued their rulings and they are carried out.

[PRENSA LIBRE] How will you remove this obstacle?

[Arzu] The Guatemalan people must know we will respect and carry out the sentences imposed by the courts. We have said this clearly, and we stand by this, but we need the citizens' support (we are already receiving it) to combat common and organized crime.

We need the media's support to prevent criminals from becoming the victims and victims from becoming the accused, because this affects the policemen's morale and performance.

The people should rest assured that I will apply the death penalty to criminals if the courts issue such a ruling. I will grant no pardons, and this must be completely and absolutely clear. [passage omitted]

Guatemala: Government/Guerrillas Agreement Approved

PA1307192196 Panama City ACAN in Spanish 0254 GMT 11 Jul 96

[FBIS Translated Text] Guatemala City, 10 Jul (ACAN) — Civilian society's top organization, which comprises three sectors, today approved the Agreement on Socioeconomic Aspects and the Agricultural Situation the government and guerrillas signed last May.

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Tonight's endorsement by the 120 organizations making up the Civilian Society Assembly (ASC) paves the way for the most controversial agreement of the six signed since the peace process began in April 1991.

During its general assembly, the ASC reasserted its pledge to involve itself in fulfilling the agreement that includes reforms of the economic and fiscal systems in addition to land grants for dispossessed peasants.

The national news agency CERIGUA [Centro Exterior de Reportes Informativos Sobre Guatemala], which was founded during the 1980's to cover the war, has stated that the ASC resolution is signed by organizations representing women, politicians, religious groups, unions, journalists, human rights groups, research centers, nongovernment organizations, Mayan indigenous people, academic scholars, uprooted people, cooperative members, and peasants.

Former Finance Minister Raquel Zelaya and Colonel Morris de Leon, both members of the governmental Peace Commission (Copaz) were present at the ceremony. Also present were Leyla Lima, representative of the UN Mission for Guatemala (Minugua), who read a message from Jean Arnault, the UN moderator in the peace process.

In his message, Arnault said the support given by the ASC to the socioeconomic agreement, one of the last two "substantial subjects" pending on the peace agenda, was a significant contribution to the process.

Arnault urged Guatemalan civilian society to "take ownership" of the signed agreements and to play an important role in building peace.

The Guatemalan National Revolutionary Unity (URNG) guerrillas also sent a document explaining the combination of macroeconomic goals and social development goals.

In its note, the URNG stated it "does not support neoliberal ideas," and denied having reached any "compromise" with the government, as certain sectors in the country have stated.

The ASC urged President Alvaro Arzu to plan his government actions based on the peace agreements.

By the end of this month, the government and the URNG will continue negotiations on the strengthening of civilian power and the Army's role in a democratic society.

This point is the last "substantial" one on the agenda after which the so-called "operational" matters will be discussed, including a final cease-fire agreement, as well as the demobilization, concentration, disarmament, and reincorporation of the combatants into society.

The war in Guatemala has caused the death of 150,000 people, 45,000 have been exiled, a similar number of people are missing, and 1 million have been displaced, according to private, humanitarian organizations.

Guatemala: Consul Rescued at Costa Rican Embassy

PA1307043296 Panama City ACAN in Spanish 2204 GMT 12 Jul 96

[FBIS Translated Text] Guatemala City, 12 Jul (ACAN-EFE0 — The Guatemalan National Police today rescued Costa Rican Consul Diogenes Amador and other Costa Rican Embassy officials after approximately 1,000 peasants occupied the diplomatic mission.

The occupants were demanding houses from Guatemalan President Alvaro Arzu, and the majority of them remain in the hallways and areas near the Galerias Reforma Building, where the Costa Rican Embassy and Consulate offices are located, on the seventh and third floors respectively.

The building, located south of the downtown area, also houses commecial offices and business firms. Policemen are currently surrounding the building, but have not taken action.

Details on the way in which the police managed to rescue Amador and the other employees of the diplomatic mission are not available, but police sources told the press that they are "safe and sound."

According to leaders of the National Settlers Movement (MONAP), the organization leading the occupation, at least six of its members are currently inside the embassy offices.

Costa Rican Ambassador to Guatemala Luis Guardia told ACAN-EFE in San Jose that Diogenes Amador managed to leave the building dressed as a nurse. He went down the stairs and reached the Guatemalan Social Security Institute building, behind the building where the embassy is located.

Guardia made the announcement while participating in San Jose (Costa Rica) in the "mini-summit" of Central American presidents with Chilen President Eduardo Frei.

Observers of the UN Mission for Guatemala (Minugua), the Human Rights Ombudsman's Office, and Deputy Housing Minister Ricardo Gaubaud, have begun a dialogue with the occupants to end the action.

The group represents thousands of families who live in "slums" surrounding the Guatemalan capital, with a population of 2 million.

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The occupation was aimed at requesting the Costa Rican Embassy's mediation with the Guatemalan Government so that it will listen to their demands.

"We want the government to attend to our demands, because people are dying of hunger and cold in the slums," a spokesman for the occupants said.

Favio Cerda, minister counselor for the Costa Rican Embassy, said that this is a Guatemalan internal problem "which has nothing to do with the bilateral relations between the two nations."

Cerda, who was not in the building at the time of the ocupation, said that "the matter must be settled by local authorities."

A National Police contingent, which has not taken action to dislodge the protesters, has remained close to the building to prevent disturbances.

Ambassador Guardia, who has maintained contact with Guatemalan authorities by telephone, said that the occupation is "under control."

Honduras

Honduras: Border On Alert for Wanted Military Personnel

96CA0254A San Jose LA NACION in Spanish 28 Jun 96 p 1

[Unattributed article: "Customs Put on Alert To Prevent Departure of Defendants in Missing Persons Cases" — received via Internet]

[FBIS Translated Text] Tegucigalpa (ACAN-EFE)— The Honduran Department of Criminal Investigations has put all air and land customs stations on alert in an effort to prevent the departure of 13 military men whose arrests have been ordered in connection with the murders of a Honduran and a Nicaraguan man in 1982.

On 24 June, a civilian judge in the southern city of Choluteca ordered the capture of 13 military men, on active duty and retired. They include a general, several colonels, and former agents of the now defunct secret police, wanted for their alleged responsibility in the disappearance of the two victims.

Prosecutor General Edmundo Orellana said yesterday that all customs stations had been placed on alert in an effort to prevent the departure of the accused. However, he did not rule out the possibility that some may already have left the country due to the inadequate security systems of the appropriate authorities.

The 13 allegedly bear responsibility for the crimes of "death threats, breaking and entering, illegal arrest, robbery, property damage, and the murder of Nicaraguan Adan Avilez Funez and Honduran Amado Espinoza Paz, arrested by security agencies in 1982.

The accused are General Daniel Bali Castillo (retired) and Colonels Marco Antonio Matute, Marco Tulio Ayala, Manuel Antonio Suarez Benavides, Juan Blas Salazar (in prison for cocaine trafficking), Alexander Hernandez (a fugitive in connection with the temporary disappearance of six students), and Juan Lopez Grijalba.

The remaining defendants are Officers Fermin de Jesus Macotto and Manuel Antonio Ayala and Agents Duilio Alvarez, Elxis Rios, Juan Jose Espinoza and Ariel Aguilar.

Retired General Daniel Bali Castillo, the official in charge of sports, hastily exited a meeting being held at the Autonomous National Soccer Federation (FENAFUTH) last night upon hearing the news of the order for his arrest carried by the major radiobroadcasting stations.

The announcement of the arrest warrants was made by Ramn Custodio, chairman of the Honduran Human Rights Defense Committee (CODEH). The announcement was viewed as a blunder in many quarters because it tipped off the accused.

Three other officers on the list of the nine charged in July 1995 with the temporary disappearance of six university students have been fugitives for nine months. According to Prosecutor General Orellana, at least two of them may be in the United States.

The three are: Colonel Alexander Hernandez, Major Manuel de Jesus Trejo, and Captain Billy Joya.

According to Bertha Oliva, coordinator of the Committee of Relatives of Missing Prisoners in Honduras (Cofadeh), Hernandez and Joya have been living in the United States for several months.

The prosecutor said that if indeed they are abroad, steps will be taken to ensure their repatriation, but the country to which they are presumed to have fled must first be identified.

Avilez Funez and Espinoza Paz were arrested on 12 June 1982 by agents and officials belonging to the Public Security Force, the National Directorate of Investigations (DNI, the secret police) and the Directorate of Population and Migratory Policy, according to CODEH reports.

The remains of the two people were later found in the Jicaro Galan district of the Department of Valle in southern Honduras.

In November 1995, CODEH hired a team of forensic anthropologists from Argentina to confirm their identities

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and later filed criminal charges against "the mediate and immediate authors of the crime in question." Some 184 persons disappeared in Honduras in the 1980's, crimes for which both military and civilian authorities bear responsibility, according to National Human Rights Commissioner Leo Valladares.

Panama

Panama: Government 'Respects' U.S. Decision on Samper Visa

PA1507165496 Panama City LA PRENSA in Spanish 15 Jul 96 p 1

[Report by Hermes Sucre Serrano]

[FBIS Translated Text] A Foreign Ministry spokesman has said the Panamanian Government respects the U.S. decision to cancel the U.S. visa of Colombian President Ernesto Samper, of Colombia's Liberal Party.

Erich Rodriguez Auerbach, spokesman for the Panamanian Foreign Ministry, has said: "We deeply regret the entire incident, but the official position of the Panamanian Government is that it respects and will continue to respect the relations between the two states involved."

As for the confusion that has emerged about the Panamanian proposal to the Rio Group to create a multinational center against drugs, Auerbach has said it has been made clear that this project "does not exclude strict compliance with the Canal treaties and is not conditioned to the presence of U.S. military forces in Panama."

On the advantages of Panama's approval of the International Convention on Sea Law, the spokesman has said it is internationally acknowledged that Panama will have jurisdiction over fishery and natural resources over an exclusive zone extending 200 miles off its coasts. It is acknowledged that continental shelf limits can be up to 350 miles off the coast.

The official has said Panama will receive scientific, technical, and financial assistance to explore and exploit sea bed resources.

Auerbach has announced: "Our country will have access to the convention's venue for the solution of controversies, something which represents a full guarantee of our maritime interests."

Panama: Supreme Courts of Americas Organization Founded

PA1507193596 Panama City EL PANAMA AMERICA in Spanish 13 Jul 96 p 2A

[Report by Juan Manuel Diaz C.]

[FBIS Translated Text] Panamanian Supreme Court President Arturo Hoyos has revealed the formal establishment of the Organization of Supreme Courts of the Americas whose permanent Secretary General Offices will be based in Amador.

Hoyos revealed that 16 countries have formally joined to the organization and that Panama will serve as a bridge for the hemisphere's supreme courts to improve the region's legal systems.

Hoyos said that the organization will operate in a building donated by the Interoceanic Region Authority (ARI) and that administrative tasks will begin in a few days.

Hoyos also explained that conversations are under way to establish if the City of Knowledge can undertake the task of training and teaching the future members of the organization.

Hoyos said that one of the main objectives of the organization is to foster the modernization of the hemisphere's judicial systems and that it is essential to create the necessary infrastructure to accomplish this task.

Hoyos emphasized that the first plenary meeting of the organization will be held in 1997 in Panama City, and that every two years, periodic meetings will be held to discuss and evaluate its progress.

The President of the Supreme Court said that at this moment the following countries have joined the organization: Argentina, Brazil, Canada, the United States, the Central American countries, Paraguay, Peru, Suriname, Uruguay, and Venezuela.

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Argentina

Argentina: Cavallo Announces Measures To Reduce Deficit

PY1307031596 Buenos Aires TELAM in Spanish 2345 GMT 12 Jul 96

[FBIS Translated Text] Buenos Aires, 12 Jul (TELAM) — Economy Minister Domingo Cavallo today announced the suppression of food coupons and dependency allowances for salaries above 1,000 pesos, to balance the public accounts.

"We do not consider that Argentina is suffering a structural fiscal problem," Cavallo said in the Banco Nacion conference hall.

He also announced that the non-financial public sector registered a 2,508.3 million pesos deficit during the first half of the year.

In front of an audience made up of economists and businessmen, Cavallo considered that this deficit "is not alarming" and he attributed it to the expenses of the social security institutions which registered a 2,948.3 billion deficit [time span not specified].

Cavallo announced the change in the dependency allowances system through a decree of urgency that will allow the government to save 800 million pesos per year, 200 million of which are meant for education and the creation of jobs.

The new system also eliminates the dependency allowances for salaries surpassing 1,000 pesos but they are increased for salaries below 500 pesos. This means that the new system will pay 40 pesos per child, 160 pesos per handicapped child, 650 pesos for maternity, and 200 pesos for the birth or adoption of a child.

For workers who earn between 500 and 1000 pesos, the new values are 20 pesos per child, 80 pesos per handicapped child, 650 pesos for maternity, and 200 pesos for the birth or adoption of a child. Retired workers will continue receiving the 15 pesos allowance for husband or wife.

Another decree of urgency eliminates the food coupons because — according to the minister — they generated a high tax evasion and their financial cost was more than 700 million pesos per year.

Through a third decree, the Labor and Social Security Ministry assumes the function of Central Authority and Superintendency of Labor and Social Security Inspection in the entire national territory.

The national government also ordered that, as of August, the PAMI [Comprehensive Medical Assistance Plan] will reduce its monthly expenses from 240 million pesos to 200 million pesos.

"We will not impose distortional taxes. We will maintain all the policies that have allowed us to recover the economic growth and to increase productivity, exports, and savings," Cavallo said in his lecture.

Beside these measures, Cavallo stressed that "the goals will fully be accomplished" with the state reform and that "we will not modify them."

Cavallo pointed out the importance of the "discussion that will probably take place in the National Congress about the extension that the VAT and the income tax for individuals and corporations still have.

He anticipated a greater computerized control of tax evasion [peine informatico] and the return of the inspections to stores, as he admitted a certain relaxation in the billing norms. He ruled out the creation of an additional tax on gas oil, newspapers, and books.

"Is it more sensible to create a tax on gas oil than to charge VAT to cable television services?" Cavallo asked as he pointed out that publicity is exempt from this tax.

Finally, Cavallo transmitted a message from President Carlos Menem about the fact that the national government "will have to honor all its commitments" regarding the concessions of public services and transportation.

Argentina: Main Points of Measures To Cut Fiscal Deficit

PY1307034396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0008 GMT 13 Jul 96

[FBIS Translated Text] Buenos Aires, 12 Jul (NA) — These are the most important items in a package of measures announced by Economy Minister Domingo Cavallo at the Argentine National Bank.

— family allowances for individuals making more than 1,000 pesos are eliminated;

— child allowances for individuals making less than 500 pesos are doubled. Allowances for pregnancy, birth, and adoptions are maintained;

— allowances for individuals making between 500 pesos and 1,000 pesos remain unchanged;

— salaries supplemented with food coupons will pay taxes;

— the Labor Ministry will have jurisdiction in the entire country to act as police in labor conflicts;

— these measures seek to reduce the fiscal deficit, which during the first half of the year climbed to 2.508 billion

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pesos, or 1.033 billion more than what was agreed with the IMF;

— expenditures for the first half of the year exceeded official estimates by 287 million pesos while revenues were $865 million less than anticipated;

— PAMI [Comprehensive Medical Assistance Plan] will reduce its expenditures from 240 million a month to 200 million a month as of 1 August;

— subsidy policies for trains, subways, and tolls will be revised;

— fiscal operations such as those implemented during the Carlos Tacchi and Ricardo Cossio administration will be reimposed;

— the minister confirmed the requirement to use registry machines in all shops;

— Cavallo repeated that the country will grow by 5 percent this year and by 6 percent of 1997.

Argentina: Menem, Cavallo Discuss Economic Problems

PY1307034096 Buenos Aires CLARIN in Spanish 12 Jul 96 p 16

[Article by Marcelo Bonelli]

[FBIS Translated Text] They abstain from talking about the problem in public because they want to prevent making the uncertainty official and influence the "City" [financial center].

But they recognize the problem in private. There, in the close circles of power, there is no longer room for deception.

The problem is described as a great concern in government circles for the discouraging behavior of the economy and its manifest inability to provide answers to unemployment.

Besides, government officials fear that the delay in coming out of the recession will place excessive pressure on public accounts.

Both issues were on the agenda of the economic team meeting at Economy Minister Domingo Cavallo's private residence on 6 July. The minister summoned his closest aides to an urgent meeting as soon as he returned from Canada. Everyone agreed about one point: the economic team must retake the initiative and measures must be implemented to put the derailed state accounts back on the right track.

That was also the main issue in a secret and private conversation between Carlos Menem and the finance minister.

The meeting was at the Olivos residence late in the day on 8 July. One of Cavallo's closest aides defined the meeting as a face-to-face dialogue, with peaks of tension, where all differences were ironed out at the end.

"The meeting was useful to confirm our personal alliance and trust," Cavallo told the economic team.

But the meeting did not start well for the minister. Menem went straight to the point and brought to the fore the doubts worrying all Justicialist Party [PJ] officials.

Menem told Cavallo what follows, giving or taking a few words: "I support the current economic model, but why do we not get the results we want?"

The question shook the minister, but it was not the only thing that annoyed him during the three-hour meeting. Menem reminded Cavallo of his political support on prior occasions, and that there were several things still pending, such as the fight on evasion, an interest rate reduction, and a frontal plan against unemployment.

He also reprimanded Cavallo for his latest remarks at the Mediterranean Foundation. During a meeting at the foundation the minister said corruption and inefficiency are hindering the implementation of programs administered by the Justice, Interior, and Social Action Ministries.

All items were clarified during the meeting and Cavallo explained what he meant. It was a moment of tension during which Menem made his authority felt more than ever before.

Cavallo was not annoyed. He knows this is not his best moment. This is why he attempted to give an explanation to the central question laid down by the president, the question that is giving headaches to government officials: Why does the model not satisfy people's needs?

Cavallo recognized that the fiscal situation was not adequate, but he spread the guilt around. Then he pointed his guns at the administration itself.

This was his central argument:

— Politicians do not cooperate with the economic team in its efforts to reactivate economic activities and balance fiscal accounts;

— Accounts are not balanced because of the opposition of Justicialist Party legislators who blocked the sale of atomic power plants and the Yacyreta hydroelectric dam;

— There is a delay in the decision process hindering economic operators efforts to generate trust, because

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officials operating in the government's political wing continuously place hurdles in their path;

— There is obvious Government House pressure on federal judges to continue persecuting Economy Ministry officials. Cavallo thinks that what politicians do provokes uncertainty in potential investors;

— There are funds to alleviate the social effects of the adjustment plan and partially solve, at least temporarily, the problem of unemployment. But the officials responsible for making use of those funds — Alberto Mazza and Eduardo Amadeo — are, at least, inefficient in the performance of their jobs.

Cavallo mentioned parts of his face-to-face conversation with Menem during the economic team meeting. Around the middle of the week the economic team met again to discuss, without euphemism, a concrete proposal: levy new additional and special taxes on personal incomes.

During the meeting there were doubts in the air referring to the absence of Finance Secretary Ricardo Gutierrez. Everyone knows that the secretary's trip is, at least, linked to his ill-humor with Cavallo.

The economic team also discussed another drastic measure: the use of the prerogatives granted to the executive branch by the Congress to raise several tax rates until December. It is known that the proposal was a reinsurance adopted to calm down the IMF.

Cavallo took advantage of yesterday's cabinet meeting to express his concern, without providing details, that the country will have to face new difficult times.

Cavallo did not waste the opportunity to reproach the Senate for its approval of a revenue sharing scheme that will deplete the national treasury even more.

Of course, this is not the only area where the Justicialist Party is failing. Menem had to intervene to break an internal deadlock on state reform, and during a private breakfast with the president the chief of cabinet bitterly complained that his colleagues do not take the state reform program seriously.

"I give you all my support to go ahead, but I do not want one more dismissal." Menem ordered.

This is why "City" agents wonder: How will Cabinet Chief Jorge Rodriguez manage to reduce the size of the state without dismissing public employees?

Argentina: Cavallo Prepares For Negotiations With IMF

PY1307004896 Buenos Aires CLARIN in Spanish 11 Jul 96 p 7

[Report by Jorge Luis Velazquez]

[FBIS Translated Text] Economy Minister Domingo Cavallo is analyzing several fiscal alternatives to debate during the negotiations with the International Monetary Fund [IMF] in August: the alternatives range from the temporary suspension of the reduction of employers' contributions to the possible creation of an emergency tax.

With all this range of possibilities, the minister intends to prove to the IMF that he has the necessary intruments and the political will to prevent public accounts from falling into total chaos this year.

"We are analyzing all possible options, without ruling out anyone, but only at the end of July will we be able to make a decision," an adviser to the minister told CLARIN. The economic team on 10 July started working on the strategy for the negotiations with the IMF. An IMF technical mission headed by [IMF Managing Director] Michel Camdessus will arrive in Buenos Aires in the second week of August.

The first step that the economic team took on 10 July was to design a tentative package of measures, among which are:

— temporary suspension of the reduction of employers' contributions to the retirement system. The IMF has always criticized this reduction, which makes fiscal coffers lose 200 million pesos a month.

— financing the deficit through higher public indebtedness, with prior congressional authorization. The request for expanding the public debt would not be just for compensating for the 1.5 billion pesos caused by the delayed privatizations. A much higher sum might be requested to cover part of the social security deficit, which is expected to surpass 5 billion pesos.

— creation of a special tax for a limited period, justified by a situation of "fiscal emergency."

— acceleration of the second reform of the state, drastically eliminating organs. A rumor circulated on 10 July in the economic area, saying that if it is necessary to give the IMF indications of stricter austerity, the government might be willing to shelve the idea of creating new ministries.

— intensification of the fight against tax evasion, especially the taxes on wealth, whose revenues are destined for the retirement system. Anyways, the IMF

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does not have too many expectations in this regard, because it believes that evasion is not as high as the government has estimated.

However, President Carlos Menem on 10 July reiterated the charges of tax evasion in the marketing of meat. He also reiterated his decision to stiffen the Penal Taxation Law. His opinion was backed by Rural Society head Enrique Crotto.

The period of validity of some of the measures that are being studied will be conditioned on the time that is necessary for reactivation of the economy. "If the wheel of economic activities starts moving, the emergency situation can disappear," Economy Ministry sources have said. Reactivation has anyway not yet started, despite the fact that ministry officials have announced it since the end of 1995.

Revenue Drop

The Economy Ministry has been compelled to renegotiate the fiscal targets agreed upon with the IMF, after tax revenues were found to have registered a steep drop in the first half of the year.

Although the final figures for the period will be released today or tomorrow, it is taken for granted that the accumulated deficit will surpass the limit authorized by the organization by more than 300 million pesos.

One week ago, during his visit to Canada, Domingo Cavallo himself admitted this failure to comply with the targets of the first half of the year. He went even further: He anticipated that it will be necessary to renegotiate third-quarter targets, foreseeing that in the next few months it will not be possible to compensate for the January-July difference.

The minister is confident that the IMF will pardon the poor performance of the first half of the year through a "waiver" [preceding word in English]. Yet if Cavallo does not manage to convince the IMF that the economy will soon recuperate, the current agreement is very likely to be cancelled, and they may have to start negotiating a new one.

Argentina: Economist Evaluates Indexes, Prospects

PY1307030596 Buenos Aires AMBITO FINANCIERO in Spanish 5 Jul 96 p 10

[Interview with economist Miguel Angel Broda by Carlos Burgueno; place and date not given]

[FBIS Translated Text] [Burgueno] Do you still believe that Argentina cannot grow?

[Broda] We are witnessing a reactivation of the economy in which, if there are no external effects or domestic political problems, the growth rate in the last quarter of the year can match the record growth rate registered in the same period in 1994. In the second half of 1996, the growth rate can be 8 percent with respect to the same period in 1995.

[Burgueno] What will the GDP growth be this year?

[Broda] It will grow by 4 percent. It might even reach 5 percent, as was forecast by the economic team. External conditions are very favorable. Brazil will not give bad news this year. Farm products and oil prices stand at an excellent level. Finally, there is liquidity on the international financial market, while long-term interest rates are dropping, despite the fact that short-term interest rates may rise a bit in August. Since the news coming from abroad is good, if there is anyone who can spoil this picture, it's us.

[Burgueno] What can happen?

[Broda] We unfortunately see that Economy Minister Cavallo is more concerned about political issues or about his own future than about accelerating economic growth. The entire government must again concentrate on the economic reforms.

[Burgueno] Will economic growth continue in the medium and long term?

[Broda] Unfortunately, in Argentina it is still impossible to say that. Successful countries with sustained growth can double their per capita income every 10 years. There is still a lot to do in connection with the structural reforms. The labor market and the social welfare institutions have not yet been deregulated. No thorough state reform has been implemented, while our fiscal accounts are in the red. Long-term forecasts are not very optimistic. The break that Menem and Cavallo have taken since the beginning of 1994 on the structural reforms has already lasted too lomg, and there are no indications that it is about to end.

[Burgeno] How bad are fiscal figures?

[Broda] An announcement was made with the IMF, saying that our annual deficit is of 2.5 billion pesos. Now we estimate it at 5.6 billion pesos. If we add to this the expenses of trust funds and some Anses [National Social Security Administrataion] rediscounts, we will reach a deficit of 8.4 billion pesos, which accounts for 2.8 percent of the GDP. It is not impossible to refinance this deficit, taking into account the current international financial market conditions, but it makes us very vulnerable. This policy of indebtedness is the main difference between Argentina and other successful experiences in other countries. Argentine public expenses have grown by 70 percent since 1991, while in 1997 the country has

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to pay more than $14.8 billion on interest and amortizations on the public debt, that is, 56 percent more than in 1995.

[Burgueno] The other side of this situation is that revenues are not sufficient...

[Broda] The economy is recuperating, but revenues have not caught up with. It should be noted that real revenues, adjusted for VAT [value added tax] increases in 1995, dropped by 14 percent, while the GDP dropped by only 4 percent. The blame for this was put on tax evasion.

[Burgueno] Specifically on the DGI [General Directorate of Taxation]?

[Boda] This organ enforced several strategy changes. Yet it is nonsense to argue whether the fear of "the untouchables" and of the invoices is a better policy than computerized searches and fiscal cards. In a country like Argentina, with such strong tax evasion habits, all instruments must be used. The DGI problem is that it has made many strategy changes. Five years after the start of a transformation process, the DGI chief cannot contend that two years are still necessary to reach an appropriate operational level.

[Burgueno] Is Argentina making progress in the fight against tax evasion?

[Broda] It is losing, especially in the interior of the country. There are towns with a population of 50,000 and 70,000 where only 10 percent of transactions pay the VAT.

[Burgueno] What is your opinion of the announcement on the state reform?

[Broda] The government has taken no step forward in this area. We hoped the first step into a 200-step ladder would be opened last week, with the elimination of dependence. However, the creation of new ministries was announced. This decision reveals that there is no accurate perception of the role of the state and of the burden of public expenditures.

[Burgueno] Were you surprised at the unemployment rate?

[Broda] Not at all. We will have a five-year period with unemployment ranging from 15 to 17 percent. Our unemployment has structural reasons, and it has nothing to do with the Keynesian unemployment related to the reduction of economic activities. The level of economic activities dropped by 9.6 percent between the fourth quarter of 1994 and the third quarter of 1995, but the unemployment rate grew by only one percentage point. Economic activities have now grown by 6 percent, and unemployment has remained almost unchanged.

[Burgueno] What then is the solution?

[Broda] If the government does not implement more active policies, retraining people and granting tax exemptions, the problem will not be resolved even if the annual growth rate remains at 5 percent for several years. The changes in the Argentine economy are unfortunately sacrificing a generation of people above 50 and of employees of state-run companies and of shops, for whom there is unfortunately no chance on the labor market. The blame for this should not be placed on the transformation program but on the old system.

[Burgueno] Will these unemployment indexes jeopardize the plan?

[Broda] If no measures are taken, they will. Since Argentina has no state, it cannot compensate the losers within the system, and this gives rise to populist and nationalistic feelings that advocate retrogression. If we do not take action, we will run the risk of losing at least two decades.

[Burgueno] Does the financial system have to be privatized?

[Broda] It is essential to privatize — in the medium term — the Buenos Aires Province Bank and the National Bank. Moreover, this can become the gesture of boldness that the economic team needs.

[Burgueno] What would you think of a new reelection attempt by Menem in 1999?

[Broda] Some pro-Menem entrepreneurs would welcome it. Within the economy, they would be the only ones to welcome it. Most economists and many entrepreneurs had already criticized Menem's first reelection. The current level of deterioration shows that we were right. He is not the same president of the first years.

[Burgueno] Does that also apply to the economic team?

[Broda] Of course. The Cavallo of today is not the same of the first years. He is weaker and wastes time on unimportant things.

Argentina: UCR Head Criticizes Government on Unemployment

PY1207164296 Buenos Aires TELAM in Spanish 1928 GMT 6 Jul 96

[FBIS Translated Text] Buenos Aires, 6 Jul (TELAM) — UCR [Radical Civic Union] President Rodolfo Terragno today accused the government of not having any policy to resolve the unemployment problem. He emphasized the necessity to draft a social development program and design a socially-oriented budget.

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In a communique, the UCR president emphasizes: "I am not aware of a single country in the world with such a serious unemployment problem and such an apathetic and inactive government as ours."

Terragno pointed out: "The government has virtually tripled the unemployment rate. It has been aware of this problem for one year and it is not doing anything about it."

The UCR president noted that, when Justicialism began to govern our country, the unemployment rate "totalled 6 percent and now it totals 17.1 percent." He emphasized: "A country with one in every four adults either unemployed or underemployed must make public efforts to alleviate and resolve this crisis."

The UCR president emphasized: "Argentina's situation resembles that of a butcher who sells his freezer to pay his rent." He noted that the projected privatization of the Yacyreta hydroelectric dam and the nuclear power plants "will serve to pay 13 days of state expenditures."

Terragno underscored: "Economy Minister Domingo Cavallo said he must privatize Yacyreta and the nuclear power plants, or contract new debts to finance 1.5 billion [currency not specified] in expenditures. The state spends that kind of money in 13 days."

The UCR president believes the solution to our country's problems "requires double action: an economic development program; and a socially-oriented retooling of the budget."

Argentina: Solutions to Unemployment Problem Viewed

PY1207211896 Buenos Aires CLARIN in Spanish 5 Jul 96 p 14

[Commentary: "Alternatives To Face the Unemployment Problem"]

[FBIS Translated Text] The Argentine economy has been unable to solve a worrying problem: the reduction of the unemployment rate. There is a need to implement adequate measures to deal with the problem.

From the start of the convertibility plan, at the beginning of 1991, until the middle of 1994 the GDP grew by more than 30 percent. During the same period the employment rate increased by a little more than 5 percent, however, indicating that there was need of a strong growth in the areas of industries and services to encourage a weak increase in the employment rate. At the end of 1994 the first economic problems appeared and the number of employed people started to drop.

This experience shows that the level of employment does not grow at the same rate as economic recovery; that is, in order to again have reasonable unemployment rates we need to grow at a substantial rate for a long time.

Given the current high unemployment rate and the consequent need to reduce it, it does not seem advisable to wait for the theory of high growth to work, or wait passively until production and services can again absorb the idle work force.

The wait is even less advisable if we take into account two important elements. One of them is that the private sector fears that recovery is too weak and will not readily rehire people. Entrepreneurs will try to return to their past levels of activities with fewer workers or with people contracted in more flexible conditions. A second reason is that the future public administration adjustment will provoke new personnel reductions.

This situation demands the implementation of policies to create more jobs and support the unemployed in order to prevent the return of the employment rate to more decent levels to last indefinitely. Measures implemented so far to reactivate the economy have not had the depth of the necessary affect and most unemployed people lack any special protection.

In second place, it is indispensable to create instruments to retrain and relocate the unemployed and help young people who cannot find a job. There are several official programs, in general financed with funds provided by international organizations, to confront this problem, but their extension is very modest in relation to the existing social demand.

It would be erroneous to assume, as is often done, that education and training alone are enough to reduce unemployment because the current situation was not provoked by lack of workers qualifications, but because the job offers have dropped. Without jobs any additional training will only create unemployed people with better qualifications.

Better education is necessary, on the other hand, to counter the poisonous effects of unemployment and to help those who lose a job find other jobs of different characteristics. Attitudes such as those shown by people dismissed from the public administration, who received monetary compensation without help to reenter the job market, are not appropriate.

The need of instruments to create jobs and reduce the effects of unemployment demand, in conclusion, an administration particularly careful with the nation's fiscal resources and appropriations based on economic and social priorities. In this context, an inefficient administration, corruption, or the unnecessary spending in which

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officials usually indulge, are particularly harmful to society.

Argentina: Justice Minister-Designate Hassan Interviewed

PY1307022696 Buenos Aires CLARIN in Spanish 12 Jul 96 p 4

[Interview with Justice Minister-designate Elias Hassan by Nancy Pazos; place and date not given]

[FBIS Translated Excerpt] [Pazos] Now that you have become justice minister, what are you planning to do with this ministry?

[Hassan] The Council of Magistrates represents a pending matter. The system used to elect judges has to be improved. The differences with the former administration will become gradually noticeable. As minister, I will work in preparation for the time when I again become an ordinary citizen. [passage omitted]

[Pazos] On a radio station today, you said you did not have a Jewish complex. What kind of complex do Jews have?

[Hassan] I meant to say that, for me, being a Jew is only natural. I was asked if the emphasis that the journalists placed on my Jewish lineage bothered me. This was the reason for saying that I did not have a Jewish complex and that I was not ashamed of being a Jew. [passage omitted]

[Pazos] Who are your friends in the cabinet?

[Hassan] I am on good terms with [former Chief of Cabinet] Eduardo Bauza, [Interior Minister] Carlos Corach, [State Intelligence Secretary] Hugo Anzorreguy...

[Pazos] Does this involve the existence of yet another anti-Cavallo cabinet member?

[Hassan] Not at all. I have not come to contend over power spaces with anyone.

[Pazos] How do you get along with Cavallo?

[Hassan] I really don't know... I have hardly met Cavallo.

[Pazos] Are you Menem's soldier?

[Hassan] I am a soldier for my fatherland (laughs). I owe allegiance to Menem. I am identified with his government. If some day I stop identifying myself with his government, I will apologize and I will leave... If this means being a soldier, I am Menem's soldier. [passage omitted]

[Pazos] What is your opinion of the "muzzle bill" sponsored by [former Justice Minister Rodolfo] Barra, a law that attempted to restrain journalists?

[Hassan] I am a supporter of freedom. In addition, that bill does no longer exist as such. It was withdrawn from Congress.

[Pazos] Considering your freedom concept, will Menem become a banished person in 1999 if he again is not allowed to become a [presidential] candidate?

[Hassan] He will not become a banished person, as this provision has been established by the last Constituent Assembly. It expresses the beliefs of today's society.

[Pazos] If Menem asked you to begin promoting his reelection, what would you tell him?

[Hassan] I would tell him that, for doing that, he should first achieve social consensus. The president, however, does not plan on doing this. I will not rekindle the debate on this issue. Menem already said there are two candidates: [former Tucuman Governor] Ramon Ortega and [Buenos Aires Governor] Eduardo Duhalde. Menem asked the cabinet members to choose between them. So... [passage omitted]

Argentina: Policemen Tied To AMIA Bombing Case Detained

PY1507154296 Buenos Aires TELAM in Spanish 2245 GMT 14 Jul 96

[FBIS Translated Text] Buenos Aires, 14 Jul (TELAM) — Federal Judge Juan Jose Galeano today enhanced the investigations into the AMIA [Argentine-Israeli Mutual Association] bombing after hearing the deposition of four Buenos Aires Province policemen; two deputy superintendents on active duty and two inspectors who were discharged last year. These four policemen allegedly sold the "car bomb" which the terrorists used for the bombing.

Galeano emphasized: "With these detentions, 70-percent progress has been achieved in this case domestically and internationally."

Federal Government Attorney Jose Barbacchia, who is involved in this case, believes there is a concealment network of Buenos Aires Province policemen linked to Carlos Telleldin, the only person to be indicted in this case.

Barbacchia pointed out: "Those detained on the judge's orders — one or more of them — are involved in the delivery of that Trafic van (used for the bombing). Progress has thus been achieved in the investigations."

Nearly two years after the AMIA bombing — whose anniversary will be marked on 18 July — Judge Galeano thus produced the most important progress since the investigations began. At total of 86 people were killed and about 300 were injured in the bombing.

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After hearing the deposition of these Buenos Aires Province policemen in the early morning hours of 14 July, Galeano said: "We have taken a step forward in this case."

The judge today interrogated Inspector Diego Barreda and Inspector Mario Barreiro, who were discharged last year for their direct involvement with Telleldin, with whom they were involved in the illegal duplication of automobile titles.

Galeano told TELAM: "None of them refused to testify. I believe we now have more elements to support our working hypothesis."

Sources close to the case told TELAM that Deputy Superintendent Raul Idilio Ibarra and Deputy Superintendent Antastasio Irineo Leal, who were interrogated by Galeano, are also seriously involved.

Sources at Galeano's office believe the local connection of the terrorists will be dismantled very soon as Ibarra, Leal, Barreda, and Barreiro were linked to Telleldin.

A source linked to this case said that on 10 July 1994 — eight days before the bombing — Telleldin delivered the Trafic van to the four policemen who parked it in a lot near the AMIA building at 663 Pasteur Street, in the Buenos Aires district of Balvanera.

The judge also detained another eight policemen on active duty, including Superintendent Juan Ribelli; Superintendent Alejando Burguete; and Deputy Superintendent Jose Ferrari, Tigre Investigative Brigade deputy chief.

Ferrari testified this morning. He is not a suspect. He merely supplied data on the Vicente Lopez Investigative Brigade operations. He served in the Vicente Lopez Investigative Brigade from November 1994 to December 1995.

Telleldin had influence at the Vicente Lopez Investigative Brigade through former Inspector Barreiro. It is believed Telleldin was being coerced by the police.

It is believed Telleldin received stolen vehicles, "duplicated" them, and delivered them to these policemen in exchange for clearing his police record.

People close to Telleldin said the detention of the policemen is the penultimate link in the Trafic van's delivery chain. They added that the release of this information over the past few hours has improved Telleldin's situation.

During his imprisonment and while appearing before Appellate Court Judge Luisa Riva Aramayo, Telleldin accused Police Deputy Superintendent Leal. Telleldin told Judge Riva Aramayo about some of his contacts within the San Martin Investigative Police Brigade, the Vicente Lopez Police Investigative Brigade, and the Stolen Car Division.

The judge is also investigating corruption cases involving Buenos Aires policemen, cases in which possible links with Telleldin are being sought.

During the AMIA investigations, Galeano detained Alejandro Monjo, the car dealer who sold the Trafic van, and about a dozen Army members who were allegedly involved in illegal arms trafficking.

Argentina: Envoy Presents Credentials to Brazil's Cardoso

PY1207125096 Buenos Aires TELAM in Spanish 1905 GMT 9 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 9 Jul (TELAM) — Argentine Ambassador to Brazil Diego Guelar today presented his credentials to President Fernando Henrique Cardoso. They agreed to enhance the integration ties between Argentina and Brazil within the framework of Mercosur [Common Market of the South].

Guelar emphasized: "We talked for some time. President Cardoso emphasized that it is necessary to pursue a level of integration that goes beyond mere agreements between government officials, to effectively link the civilian societies of Argentina and Brazil." [passage omitted]

Bolivia

Bolivia: Rio Group Rejects U.S. Decision on Samper's Visa

PY1607025396 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 15 Jul 96

[FBIS Translated Text] Latin American Rio Group member countries are sure that the United States again meddled in the domestic affairs of another country with its decision to cancel the visa of Colombian President Ernesto Samper.

A communique on the implications of this delicate matter was released on 15 July. Bolivian Foreign Minister Antonio Aranibar in his capacity as executive secretary of this organization comprising 14 Latin American and Caribbean countries read the document.

[Begin Aranibar recording, in progress] ...considers that this action does not help consolidate the atmosphere of confidence and stability, which are essential conditions to effectively fight drug trafficking.

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Rio Group member countries continue to firmly support drug enforcement efforts within the framework of the commitments made by our governments in conventions and agreements on drug trafficking, based on a strict respect for the principles of international coexistence, and in keeping with the OAS Charter, particularly the commitment of all states not to meddle in other countries' domestic affairs. [end recording]

Bolivia: Russian Science Academy Expert Visits

PY1507132596 La Paz PRESENCIA in Spanish 6 Jul 96 p 6

[Article by Martin Balcazar Martinez]

[FBIS Translated Text] Santa Cruz (PRESENCIA) — Whether Latin Americans like it or not, the United States has its reasons for using the methods it wants in drug enforcement. This is the opinion of Yuri Mosenko, a national security expert from the Science Academy of Russia.

"The U.S. struggle against that evil is well founded. That country can use the methods it wants, whether this pleases the Latin American countries or not," Mosenko said when consulted about the value of militarizing the struggle against drug trafficking.

The expert said the most important thing in the struggle against drug trafficking is shared responsibility actions among producer and consumer countries.

"I support the position of Bolivia, in which the responsibility should be shared," Mosenko said, pointing out that this evil must be completely eliminated.

He said that in his country the subject of trafficking is a problem that was faced as a phenomenon that is worsening and is forcing the authorities to make a greater effort in coordination with other countries.

Such is the objective of signing an agreement between Russia and Bolivia, he said, so as to carry out joint actions against drug trafficking. He added that the most important thing is that two countries like Russia and Bolivia strengthen relations to allow cooperation in different fields, including drug enforcement.

Bolivia: Communications Minister on Importance of Mercosur

PY1307011996 La Paz PRESENCIA in Spanish 25 Jun 96 p 10

[FBIS Translated Text] Social Communications Minister Guillermo Richter said on 25 June that the government is pleased that Bolivia has become a commercial partner of the Common Market of the South (Mercosur), giving the country great chances of joining a large market which represents a challenge for Bolivian businessmen.

He explained, however, that Bolivia's entry in Mercosur does not mean it is a member of the bloc, merely a commercial partner, which means that our country continues to be head member of the Andean Pact in its capacity as founder member of that regional organization.

Referring to the concern within the Andean Pact, he said that "sister countries should not be suspicious of each other, we have not abandoned the Andean Pact but rather believe that, by joining Mercosur as an economic partner, by maintaining a relationship of a commercial nature, Bolivia may act as the great hinge for the continent's full integration."

He asserted that the agreement is convenient for Bolivia because, up to now, we import 90 percent of our products from Mercosur and export only 10 percent to that bloc. This represents a great imbalance in our commercial relationship with the Mercosur member countries. Moreover, he said, it will help open a megamarket and will provide the mechanisms for economic and financial improvements.

Minister Richter mentioned that a free trade zone has been established where custom tariffs will be reduced gradually. It is a process whereby in 90 days time it will be determined if it will be maintained, that if what was signed yesterday will be ratified, since it is a specific agreement.

He urged the Bolivian people to adopt a democratically aggressive attitude, in the sense that, faced with such a huge market, with a policy favorable to our export, significant objective conditions have been generated to take advantage of this market. This entails improving our production capacity and stepping up the use of technology, in search of a good competitiveness with the Mercosur member countries.

He said that Bolivia's main objective within Mercosur is to create the integration mechanisms without this meaning that anybody loses identity but that will allow us to advance towards true Latin American integration.

Regarding the opening of Mercosur, Richter said that a commercial dynamism should be implemented to take advantage of the full establishment of bioceanic integration corridors starting from the eastern part of the country to the western part and establish a significant flow between the Pacific and the Atlantic.

Through the Chilean port Iquique alone various products worth more than $400 million enter the country, but our

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exports are minimal, and this situation must be changed so that the exchange may be balanced, Richter said.

He added that the establishment of export corridors and warehouse terminals is a priority issue of the national government and Bolivian businessmen. These projects must materialize under the current administration in order to fully develop the Bolivian border areas with Chile, Argentina, Peru, Paraguay, and Brazil.

Bolivia: President To Attend Ecuadoran Inauguration

PY1207155796 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 12 Jul 96

[FBIS Translated Text] President Gonzalo Sanchez de Lozada has agreed to attend the inauguration ceremony of Ecuadoran President-elect Abdala Bucaram, scheduled for 10 August.

Foreign Minister Antonio Aranibar confirmed Sanchez de Lozada's interest in participating in that subregional political meeting where he will meet with high ranking authorities of this continent.

The chief of state's trip will also contribute to strengthening bilateral relations between the two Andean, Latin American nations.

Bolivia: General Elections Scheduled for 1997

PY1207125996 La Paz PRESENCIA in Spanish 28 Jun 96 Section 1 p 1

[FBIS Translated Text] National Electoral Board President Huascar Cajias yesterday emphasized in Cochabamba that, as established by the Constitution, general elections will be held in 1997. In La Paz, regional representatives decided to meet again on 3 July, seeking an agreement on the interpretation of Article 60 [of the Constitution on the number of deputies for each department].

Pando congressional bloc leader Adolfo Anez suggested that "small regions should give up three deputy seats to the axis departments [La Paz Department, Cochabamba Department, and Santa Cruz Department] [no closing quotation marks as published]. If this proposal is approved, the Departments of Beni, Chuquisaca, Oruro, Pando, Potosi, and Tarija will control 50 percent of the seats and the axis departments would control the rest.

Vice President Victor Hugo Cardenas noted that, if on 3 July an agreement on this issue is not achieved, Congress will have to find a solution.

Cardenas emphasized the flexibility expressed by the regions. He added that all regions are inclined towards allocating five deputies for each of the six departments with the fewest inhabitants.

Bolivia: Opposition Views 'Impunity' in Narcoplane Case

PY1207123096 La Paz LA RAZON in Spanish 1 Jul 96 p A10

[FBIS Translated Excerpt] Opposition leaders have prepared a "basic" document condemning the Chamber of Deputies approval of a resolution on the narcoplane case without the appropriate quorum on 28 June. The document will attempt to show that ruling coalition deputies, in complicity with Minister of Government Carlos Sanchez Berzain, obstructed the supervisory work of Congress "because power is in the hands of people who act with impunity and who have once again prevented the punishment of high-ranking government officials who committed crimes."

The Chamber of Deputies resolution liberates Sanchez Berzain and Chamber of Deputies President Guillermo Bedregal of all responsibility in the case of the plane that left La Paz with 4.1 tonnes of cocaine in September of last year and was seized by the Peruvian police in Lima.

MIR Deputy Sergio Medinacelli said that the document — which has the support of the ADN [Nationalist Democratic Action], the MIR [Movement of the Revolutionary Left], Condepa [Conscious of the Fatherland], and the FRI [Revolutionary Front of the Left] — must now be reviewed by members of those parties before it is read during today's session at the Chamber of Deputies. [passage omitted]

Brazil

Brazil: U.S. 'Intervention' in Colombia Causes Concern

PY1507184796 Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Jul 96 p 14

[Report by Luiz Orlando Carneiro]

[FBIS Translated Text] Brasilia — The Brazilian Government was surprised at the decision by Washington to cancel the visa of Colombian President Ernesto Samper. Despite existing consultation mechanisms between the two countries, the Brazilian Government was neither consulted nor informed about it.

A high-ranking Itamaraty [Brazilian Foreign Ministry] official said the U.S. attitude, "which is unprecedented, worrisome, and extraordinarily violent from the viewpoint of international law and of the United Nations charter," will be responded through a declaration by the Rio Group, whose foreign ministers are consulting.

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Itamaraty is particularly concerned about the fact that the U.S. Government's "intervention" in the domestic affairs of a country with which it maintains formal diplomatic relations may plunge Colombia into a very serious institutional crisis.

Strong Criticism — A communique being prepared by the Group of 7 (Brazil, Argentina, Paraguay, Uruguay, Chile, Venezuela, Peru, Colombia, Bolivia, Ecuador, Mexico, Panama, Guatemala, and Trinidad Tobago, on behalf of the Caribbean) will probably be as strong as or even stronger than the one issued on 12 March, criticizing the Helms-Burton law that establishes sanctions for foreign enterprises doing business with Cuba.

In March, the Rio Group expressed "its strongest protest over the approval of this law, which violates the principles and norms of international law, and the charters of the United Nations and the Organization of American States." Furthermore, the signatory countries expressed "concern" about the Act for Cuban Freedom and for Democratic Solidarity (the ostentatious name for the Helms-Burton law), because it "disregards the essential principle of respect for the sovereignty of states, its enforcement being an extra-territorial application of a domestic law which violates international law."

The new communique by the Rio Group will express its members' "deep concern" and unease in the wake of a surprising decision by a government against a democratically elected president who was acquitted during an impeachment trial.

Brazil: U.S. Action on Samper Said To Elicit Criticism

PY1507191896 Sao Paulo GAZETA MERCANTIL in Portuguese 12 Jul 96 p A16

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Brasilia — The intensified punishment that the United Sates is inflicting on Colombian authorities could trigger an effect opposite to what is desired, "given that foreign interference in domestic issues could stir nationalistic feelings" among drug traffickers as well as sectors of society like Congress, judges, and even the poorest classes. Regional political analysts are considering this possibility.

In this manner, many Latin-American countries — even though they do not demonstrate open support for President Ernesto Samper for fear of being considered indulgent toward drug trafficking — believe such action by the United States is not the best way to curb drug trafficking.

Criticism of the Clinton administration is being expressed in a veiled manner.

During the most recent meeting between the Rio Group and the EU, it was stressed that the main problem is consumption and trafficking — not production. Latin Americans and Europeans acknowledged that responsibility in the struggle against drug trafficking should be shared. That is, both sides should work together otherwise the action will be ineffective. The point is that the United States is not doing its "homework," that is, it is not reducing internal consumption.

Despite its difficulties with Washington, the Samper administration did not ask its neighbors to mediate. Itamaraty is following the subject closely and it has ruled out discussing it in regional multilateral forums. The sources said: "Samper's position is uncertain because he did receive money from drug trafficking, and everybody knows it is difficult to defend him."

The cancellation of Samper's visa — a gesture that politically justifies traffickers using nationalism as their shield — is another measure through which the United States will exert pressure, after discontinuing aid to fight illegal cocaine trade.

The enforcement of the Helms-Burton law, "an aberration for international law," is another unwelcomed U.S. attitude in the eyes of the hemisphere.

In this case, however, the 33 members of the OAS publicly criticized the United Sates. This U.S. law gives U.S. citizens the right to take legal action against foreign enterprises doing business that might involve assets that were confiscated in Cuba.

The decision on the Helms-Burton law represents a turning point for the organization, which has been regarded as indifferent and as having little firepower to face its most powerful member. The countries of the region do not feel compelled to automatically support the United States.

A Canadian source said that a customs union between the United States and Canada, or some kind of foreign policy coordination between the two countries, would be unthinkable. These two countries — which signed a bilateral trade agreement and which along with Mexico are also members of NAFTA — are unwilling to take political commitments; only to facilitate commercial exchange.

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Brazil: Rapporteur Submits Administrative Reform Proposal

PY1307011696 Rio de Janeiro O GLOBO in Portuguese 11 Jul 96 p 4

[Report by Lydia Medeiros]

[FBIS Translated Text] Brasilia — The report by Deputy Moreira Franco (PMDB-RJ) [Brazilian Democratic Movement Party-Rio de Janeiro], rapporteur of the administrative reform, has managed to annoy the government and the opposition at the same time, because of the job stability of public servants. From the viewpoint of the government, Moreira Franco established too many restrictions to prevent the dismissal of servants who have already achieved job stability. For its part, the opposition has interpreted the rapporteur's proposal as a break of the principle of job stability.

The government intends to introduce changes into the report by Moreira, in order to permit dismissals in cases of excessive number of servants. Yet both the PMDB and the PFL [Liberal Front Party] have raised objections to the government wish to have more freedom to dismiss servants. The two parties advocate the adoption of criteria to prevent dismissals for political reasons and to avoid violating acquired rights.

"The government's idea is to provide instruments to dismiss servants wherever it is necessary and wherever there is an excessive number of servants. As the report puts it, this will not be possible." This criticism was made by Benito Gama (PFL-BA) [Bahia], the government leader in the Chamber of Deputies.

"There can be no half stability. The rapporteur's proposal eliminated job stability and transformed public servants into the servant of the head of the branch of government." This criticism was made by Deputy Miro Teixeira (PDT-RJ) [Democratic Labor Party- Rio de Janeiro].

The report by Moreira Franco sets forth that an adjustment should start before December 1998 — the deadline provided for by the so-called Camata Law for the union, states, and counties to reduce their personnel expenses to not more than 60 percent of their revenues. The adjustment must provide for a reduction of at least 20 percent of the expenses with personnel earning commissions. Following this, dismissals will affect the workers who have not yet achieved job stability. If personnel spending still surpasses 60 percent of revenues, stable servants will then be dismissed.

Yet such dismissals will have to be approved through a law that will establish criteria and compensation. This means — according to the rapporteur — that if a governor wants to resort to this instrument, he will have to ask for the Legislative Assembly authorization through a law.

In his proposal, Moreira Franco banned all loans from the union to the states and counties for paying personnel spending. After the deadline established by the law — December 1998 — the states that surpass the ceiling will not receive other fund transfers, and will no longer be able to resort to dismissal mechanisms.

"The principle of job stability has been maintained. The reform does not seek to dismiss people. It will not be easy to dismiss workers just like that. States will have to adapt themselves to the issue. Either they take the responsibility or they do not. They cannot be spared," Moreira Franco claimed.

The government believes that the rapporteur's proposal only considers the states that spend more than the 60 percent ceiling provided for by the law. For example, the federal government may not introduce personnel replacements, because its personnel spending is lower than the ceiling.

Jose Anibal (SP) [Sao Paulo], the PSDB leader in the Chamber of Deputies, believes that the Constitution must have permanent rules for the dismissal of servants who have achieved job stability, instead of doing it only through an adaptation to the Camata Law.

"The central point is the adjustment to the Camata Law, but the public sector needs more flexible mechanisms to adjust the administrative structure," Anibal said.

The Main Points in the Rapporteur's Report

Cuts — In order to keep personnel spending under the 60 percent ceiling, the union, states, and counties will have to implement a cut of at least 20 percent in the sector of workers earning commissions, and will also have to dismiss workers without job stability. Only after this will they be able to propose, through a law, the dismissal of workers who have job stability.

Fund transfers — The governments that do not meet the personnel spending ceiling will receive no more funds from the union.

Salary ceiling — No public servant from any of the three branches of government may earn more than the ceiling of 10,800 reais, while additional salary benefits have been banned. Salary increases will be granted to public servants through laws. Salary equity and additional salary allocations, like those granted to delegates and representatives of the attorney general's office, have been banned.

Stability — Servants will be regularly evaluated on the basis of criteria established by the law, and may

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be dismissed (even those with job stability) for poor performance, yet with full guarantees for defense and compensation payment. Servants having worked five years (and no longer two years) will acquire job stability after being approved by a special performance evaluation made by a commission. Yet the decision on the job stability status will be made by the head of the branch of government for which the servant works.

Brazil: Role of Political Coordinator Analyzed

PY1307030196 Rio de Janeiro O GLOBO in Portuguese 10 Jul 96 p 2

[From the "Political Outlook" column by Tales Faria: "The Apple of Discord"]

[FBIS Translated Text] Luiz Carlos Santos was consecrated as Planalto Palace's political coordinator because, as the president of the Republic put it, he can "harness smoke." Yet his excessive expertise is causing, let us say, some lack of coordination in the government. In the past, Luiz Carlos Santos was not on harmonious terms with the PSDB [Brazilian Social Democracy Party] leaders in the Senate and the Chamber of Deputies. He has now become the center of ministers' complaints.

Although Planning Minister Antonio Kandir has not publicly admitted it, he is strongly suspecting that the tangle of criticism against his assistant Andrea Calabi, because of the distribution of budget allocations, is the result of intrigues by Luiz Carlos Santos. Civil Household Chief Clovis Carvalho is certain that Santos is trying hard to convince Presidency Secretary General Eduardo Jorge Caldas to remove him from the ministry. Health Minister Adib Jatene has his own suspicion: Has Santos worked for or against him for the approval of the CPMF [Temporary Tax on Financial Operations]? As for Social Security Minister Reinhold Stephanes, he does not even want to hear the political coordination minister's name.

Yet Luiz Carlos Santos was not designated minister just by chance. He is strongly supported by Chamber of Deputies' President Luiz Eduardo Magalhaes and by Senate President Jose Sarney. He also has the support of the leaders of the two largest parties in Congress, the PMDB [Brazilian Democratic Movement Party] and the PFL [Liberal Front Party]. This is what has caused his colleagues to panic. Luiz Carlos Santos is actually the minister with the strongest support from Congress, and he will probably play a key role in the debates on the cabinet reshuffle after the municipal elections. Some people at the ministries' esplanade believe that Santos is no longer under President Fernando Henrique Cardoso's control.

Brazil: Commentator Says CPMF Tax To Raise Interest Rates

PY1307005896 Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Jul 96 Section 1 p 4

[Article by Celso Pinto: "A Tax That Is Likely To Lead to Disaster"]

[FBIS Translated Text] As a tool to raise revenues, the CPMF [Temporary Tax on Financial Operations] — which is also known as the tax on checks — has every ingredient needed to provoke disaster. Reducing it to 0.20 percent and limiting its period of implementation to one year would not change anything.

The CPMF's most conspicuous shortcoming is the risk of its becoming the first tax in the world to erode public accounts. The public debt in bonds at the three levels — federal, state, and municipal — totaled 166 billion reais [R] as of May.

As it would not be logical to expect investors to go along with a 0.20 CPMF reduction in their earnings on these bonds, the administration will have to compensate for the difference by raising interest rates accordingly. Based on the impact the CPMF tax would have monthly, it is believed that it would cause interest rate expenses to increase by an additional of nearly 2.5 percent; that is, by R4 billion over the May debt figure (which would thus be higher).

It is unlikely for the CPMF to raise more than the above amount. The target of raising R6 billion in revenues with the 0.25 rate was overestimated because it was based on a frenzy financial situation that is typical of a period of hyperinflation. The risk is that the administration may end up paying more in additional interest than what it might raise through the CPMF.

Every financial investment will suffer the impact of the 0.20 percent tax. Those who are more naive believe it will be the financial market that will ultimately pay for the tax, that it would just be a question of asking for some sacrifice from a segment that is flooded with money.

The fact is that the 0.2-percent tax will be simply transferred as a new tax wedge. To wedge means to widen the gap between the amount paid to the investor and that collected from a borrower. There is a limit to cutting the profit of investors. Proof of this is the recent flight of savings capital. Hence, the tax will be ultimately paid by companies and individuals who take loans.

Regarding stock exchanges, where commissions are already far too high, the tax will cause businesses to shift toward New York under the form of ADR's

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[Americas Depositary Receipts] (which are Brazilian shares negotiated abroad).

Regarding production, the CPMF, which has a chain effect, means to punish he who adds more value to his product; that is, a real blunder from the economic standpoint. Furthermore, it makes no sense to create a new tax when tax revenues already account for 30 percent of the GDP.

An old practice has prevailed here: Confronted with a real, legitimate problem; that is, a lack of resources to fund health expenses, the administration and Congress have chosen to impose another debt on the people instead of rearranging priorities.

Brazil: BC Report Details National Bank Frauds

96SM0430A Rio de Janeiro JORNAL DO BRASIL in Portuguese 11 Jul 96

[Article by Fabiano Lana: "BC Accuses National of Illegal Use of Credit Cards" — received via Internet]

[FBIS Translated Text] Belo Horizonte—National Bank improperly sent more than $60 million out of Brazil via its Cartao Nacional [credit card] just days prior to the government's intervention in the bank on 18 November. The transactions were brokered by the Icatu Bank and Interbanco. The disclosure appears in the conclusions of the report signed by the BC's [Central Bank's] committee of inquiry that investigated the actions by 25 of the bank's comptrollers, who are responsible for a shortage in excess of US$7.6 billion at the institution. The money sent abroad exceeded the sums received from holders of the international credit card. According to the report, the funds were obtained on the financial market and from companies.

In one of the frauds described in the Central Bank document, National Bank remitted via Icatu $15 million that was supposed to be sent to Interbanco, overseas. Since the latter received only $13 million, Central Bank experts believe the $2 million difference may have been used to conceal the payment of commissions to Icatu. In violation of Central Bank Circular Letter No. 5, none of the transactions indicated the source of the funds.

Another operation involved the National Bank of Paris, which improperly received $48,691,732.44. The money left Interbanco and passed through Icatu and National before departing for France. Experts admit they had trouble obtaining the documents on these transactions and suggest they might better be examined by the courts.

Following the Central Bank investigations, directors of Icatu sent a letter to the committee of inquiry, volunteering information on the operations. Until that point, no one at the institution had been questioned by Central Bank personnel. At the time of these transactions, National was forbidden to send funds abroad.

The 14-volume report by the BC—signed by committee chair Luiz Armando de Lima Rodrigues, rapporteurs Elso de Melo Tavarez, Joseli Teixeira dos Santos, Raul Mesquita, and secretary Maria Auxiliadora Menezes—was sent last Friday to the Laffayete courthouse in this capital city. Yesterday, Judge Manoel Saramago, of the 2nd Bankruptcy Court, sent the material to prosecutor Arnaldo Gomes Ribeiro, who will have eight days in which to decide whether to charge those involved and even request the freezing of their assets, listed in one of the volumes of the report. Only if the judge decides to accept the charge can the officers be prosecuted.

Despite acknowledging in their accusations that some bank officers "showed a lack of good judgment," the authors of the report stated that purpose of the stack of papers is to support the filing of a civil liability suit, not an inquiry intended to gather evidence for deciding on sanctions, a matter that is up to the courts. They also said that no matter how fully the authorship of the illegal acts may be proven, the report should be shelved if no financial losses are found to have occurred in the improper transaction.

BC experts noted that none of those involved took an interest in the work of the committee of inquiry and that, although they were aware of it, unless subpoenaed they did not even visit the locale where the committee was working. "Those invited to testify contributed little, and even refused to provide information," the report said.

The report says, for example, that more than half those subpoenaed—including Ana Lucia, Eduardo, and Fernando Magalhaes Pinto, children of former Governor Magalhaes Pinto—did nothing that could absolve them of blame. They merely "limited themselves to arguing the absence of individual charges of liability." According to the experts, none of the others said anything that would have changed the course of the committee's work.

Brazil: Illegal Bank Remittances Total $78.6 Million

96SM0430B Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Jul 96

[Article by Brasilia correspondent Cari Rodrigues: "BC To Investigate Remittances Abroad" — received via Internet]

[FBIS Translated Text] The Central Bank plans to investigate, in administrative proceedings, the remittances of funds that were brokered by National Bank to subsidiaries of banks established in Brazil.

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FOLHA DE SAO PAULO has learned that the transactions total $78.6 million and took place between 1993 and 1995.

Mention of those remittances was deleted from the final report by the commission of inquiry that the BC set up to look into the causes of the failure of National Bank, owned by the Magalhaes Pinto family. If irregularities are found, the BC will send a criminal complaint to the Office of Public Prosecutor under the "white-collar crime law," for foreign exchange evasion.

The committee's initial findings detected the allegedly improper remittances and said they were made via the CC-5 (accounts held by people and companies who reside or have their principal domicile outside Brazil).

Figures

The initial report indicated that Banco BBA Creditanstalt, ING (Internationale Nederlanden Group), and Banco Garantia used National as intermediary to send sums to their overseas branches. The triangular transactions with National enabled the banks to get around the Federal Revenue authority and not pay taxes, since the Magalhaes Pinto family's bank was not reporting the remittances to Brazilian authorities. According to the Central Bank report, BBA sent $26.5 million to its branch in Nassau (Bahamas), and ING sent $48.5 million to subsidiaries in Curacao and Montevideo (Uruguay).

Banco Garantia, in turn, sent $3.5 million to its branch, also in Nassau. The triangulation "appears to indicate a corporatism among the institutions (...), something like a system in which companies protect each other so they can send remittances abroad to affiliates/subsidiaries, in violation of the regulations and completely untaxed," the BC said.

Retreat

The Central Bank committee of inquiry retreated from the accusations and deleted from the final report the statements about the entry of funds into this country through the CC-5, arranged by National via several other banks.

The transactions do not show up on the Sisbacen (the Central Bank's computerized data system) or even in the BC's Foreign Capital Department, the preliminary report said. This means that the funds that enter Brazil are invested, generate gains, and then are added to the amounts that will be sent back overseas.

The BC said the tax loss from these operations is "incalculable," owing to the absence of documentation.

The bank said no explanations will be provided about the final report that was obtained by FOLHA.

BC Says Transaction Was Proper

The director of ING Bank, Jose Luiz Majolo, told FOLHA that all the exchange operations carried out with National Bank were proper. "We asked the BC for information. It told us that everything was all right with ING," he said. Majolo said he found only one remittance on ING's books, made in July 1994 for $21.3 million.

According to the official, ING-Nassau maintained a CC-5 account with National and was investing in Brazil. "What happened with that transaction was there was a redemption of investments in debentures (bonds sold on the market by private companies) by ING-Nassau." Majolo said all the documentation on the transaction is at its Nassau subsidiary.

The director of international banking at BBA-Creditanstalt, Eduardo Vassimon, said through the bank's press officer that he had asked for information from the Central Bank in June, but received no answer. He also said that he would not say anything about the matter without seeing the official reports.

During the past two days, FOLHA has telephoned Claudio Haddad, director of Banco Garantia, but calls had not been returned to the editor's desk as of 1800 yesterday.

Brazil: Draft Bill Regulating Oil Industry Analyzed

96SM0430C Sao Paulo ESTADO DE SAO PAULO in Portuguese 9 Jul 96

[Editorial from the Notes and Information Page: "Obstacle Course" — received via Internet]

[FBIS Translated Text] The bureaucratic nature of the bill that would regulate the breakup of the Petrobras [Brazilian Petroleum Corporation] monopoly is obvious, as we suggested yesterday it would be. So much so that its sponsor in the Chamber of Deputies, Eliseu Resende (PFL-MG) [Liberal Front Party-Minas Gerais], wants to change the original text so that the members of the National Petroleum Agency (ANP) will have fixed terms of office and their nominations will have to be confirmed by the Senate. Another aspect that is indeed a source of concern, in light of the other privileges awarded to Petrobras is that—*contrary to what we had assumed*—the bill retains the bureaucracy's original idea that Petrobras should be given preference in bidding for concessions, provided its bid is the same as the others.

It's likely that the debate in Congress will not be as transparent as it should be on an issue of such importance. One of the questions is the speed with which the bill can be approved. It is anticipated that

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it will get out of the Special Committee in 60 days. Whereas there have been complaints about sluggishness, it is rapidity that is now feared. The paradox is only apparent. Although haste is necessary, it ought not serve to get a bill passed that is tailor-made to suit the vested interests at Petrobras, which is not particularly interested in opening things up, as its counterparts in other countries—starting with PDVSA [Venezuelan Petroleum, Inc.], Venezuela's state-owned oil company—acknowledge.

Deputy Eliseu Resende mentioned one of the articles to be reviewed—an essential one, incidentally, since it deals with the ANP's autonomy and decision-making power, over which hangs the threat of becoming a mere tool of vested interests, thus reproducing in the institutional mechanisms relating to petroleum a defect similar to what we are familiar with in the financial realm. There, the National Monetary Council (CMN), contrary to the intention of its original creators (former Ministers Roberto Campos and Octavio Gouvea de Bulhoes), ceased to be a reasonably independent forum for debate and became an arm of the Executive Branch. One may well assume that an independent CMN would at least have discussed, ahead of time, the danger that notoriously badly-managed state and private banks might fail and might have anticipated the losses that would subsequently be diluted among the taxpayers.

There are more questions to be asked, however, than the one Resende mentioned. Between Articles 22 and 34 of the bill for example, there is a danger of varying interpretation, or contradiction. Article 22 says that companies formed according to Brazilian law, having their principal place of business and officers in this country and sufficient technical and business/financial capacity, may obtain concessions. However, Article 34 stipulates that unless the practice of pre-qualification has been adopted, a foreign company not authorized to operate in Brazil must submit "a commitment that, if it is the successful bidder, it will form a company under Brazilian law, with a principal place of business and officers in Brazil." What then would prevent one of the "seven sisters," although seldom present until now, from coming in, winning a concession in a competition, and operating by merely setting up an office in Brazil?

Another question, raised by JORNAL DA TARDE, would open the way for Petrobras to merge with Petrobras Distribuidora and obtain tax advantages comparable to the other distribution companies, which would enable it to compete predatorily.

The debate in Congress may be either meager or, on the contrary, extremely rich. The issue is the objective: attracting foreign and domestic investment. It is not enough to assume that it will come in the right amounts if Petrobras is dealing the cards and dominating other interested parties. It is not enough for it to invest $2 to $3 billion a year (more than it has historically done) in order to put itself on an equal footing with private partners. Minister Raimundo Brito said that "Petrobras does not need privileges." That's not what appears from the bill that the Ministry of Mines and Energy sent to Congress, or from what Deputy Eliseu Resende is saying. Making the ANP independent would be one of the ways to guarantee competition and divest Petrobras of some of its imperial power, still visible in a text that winds through the corridors of the internal vested interests at Petrobras and resembles nothing so much as an obstacle course.

Brazil: Dornelles To Respond To U.S. Tariff Protests

96SM0430D Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Jul 96

[Article by Valdo Cruz and Denise Chrispim Marin: "Dornelles Prepares Response to U.S." — received via Internet]

[FBIS Translated Text] Minister Francisco Dornelles (Industry, Commerce and Tourism) has put together a strategy for responding to complaints from representatives of the U.S. toy industry. He will show the representatives, who are complaining about the federal government-ordered increase in the import duty, from 20 percent to 70 percent, the kind of U.S. restrictions that the Brazilians face.

"If they come, I will hold a joint meeting," the minister told FOLHA. "I will also call in the producers of orange-juice, steel, silicon, and meat to express their complaints," he added. In his opinion, anyone who complains about the safeguards the administration is adopting suffers from "intellectual underdevelopment, a colonial spirit, and total ignorance of industrial law."

The minister thinks the actions taken so far (the anti-dumping regimes, incentives for the auto industry, and the battle against foreign subsidies) are the kind of instruments of commercial defense that international law provides for.

"If the toy industry in the United States feels it is being hurt, it can challenge the measure at the Department of Foreign Commerce and wait for the legal wheels to turn."

So far, the minister has not received any requests to meet with representatives of the U.S. toy industry.

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Figures

Dornelles' weapons for handling formal complaints are the numbers. The United States is using high duties, surcharges, and bans to hamper the entry of 64 different Brazilian products.

Among the most seriously-affected products are orange juice, fruits and vegetables, sugar, tobacco, textiles, apparel, and steel products. Beef and chicken, as well as Brazilian oranges, are banned from the United States for health reasons.

Dornelles is preparing a similar report to counter protests by the European Union and by Japan, which are complaining about the Brazilian automotive regime—it permits lower import duties for manufacturers who are already established in this country.

The European economic bloc imposes tariff and nontariff barriers on 28 different products, maintains quotas on seven others, and subjects six more Brazilian goods to surcharges. Japan has erected barriers to at least 26 products and quotas for three others.

Automobiles

Dornelles said the provisional measure that defined the terms of the automotive industry regime will be reissued this week, for the 13th time, without change. On Monday he received a communique from the Japanese government, again expressing displeasure with the text. "We are not going to determine our industrial policy to suit Japan." The Japanese are also seeking a reduction in the vehicles tax (70 percent) for companies that are not in Brazil.

Brazil: Cali Cartel Drug Trafficker Arrested in Rio

PY1507185896 Sao Paulo AGENCIA ESTADO in Portuguese 0000 GMT 12 Jul 96

[FBIS Translated Text] Rio de Janeiro, 11 Jul (AE) — The real name of the man arrested on 24 April at the Rio de Janeiro International Airport, on Governador Island, has been revealed by the Federal Police: He is Henry Pineda Lozano, a Cali cartel chief. When arrested, Henry, who identified himself as Salomon Fernandes Velasco, was accompanied by his nephew Guilhermo Leon Rengifo Pineda as they were about to board a plane for Colombia, carrying $720,000 in cash, in money belts under their clothes and inside a double-bottomed suitcase.

In his deposition to the Federal Police, Henry said he was opening a tequila import-export company on 963 Ecuador Street, in downtown Santo Cristo. The police have said there is no such firm at that address. The trafficker sought to consolidate Cali cartel deals in Brazil and to facilitate trafficking to Europe and the United States. The nephew said he did not know about the origin of the money, adding that the real name of his uncle was not Salomon but Henry Pineda and that he is a Cali cartel drug trafficker. The police seized several documents from Henry, including a list of names and the personal documents of a Colombian called John Jairo Vega Cardona. Uncle and nephew are detained at the Rio de Janeiro Federal Police precinct.

Brazil: Police Confiscate 170 Kg of Cocaine in Rondonia

PY1507185096 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 15 Jul 96

[FBIS Translated Text] The federal and military police have made the largest ever seizure of drugs in Rondonia State. Two Bolivians, Abner and Joselito Suarez, were caught redhanded in Costa Marques, 600 km from Porto Velho. They were carrying 170 kg of cocaine in two cars, as well as 360 cartridges for AR-15 guns. The drugs are worth 2 million reals.

Brazil: Roundup of Economic Reports Through 12 Jul

PY1307034996

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 12 July.

BASIC LEADING INDICATORS

Oil Imports, Demand Increase — The domestic demand for fuels in 1996 will amount to 1.52 million barrels of oil per day, with a 7 percent growth in comparison with the demand in 1995. In order to face this demand, Brazil will have to import 516,000 barrels of oil and oil byproducts per day. These projections were made by Petrobras, Brazilian Petroleum Corporation, Commercial Director Percy Louzada de Abreu, as he said that oil imports will not be greater thanks only to the 16.5 percent increase in national oil production this year. The average production rate for this year is estimated to be 840,000 barrels of oil per day. The bill for oil and oil byproduct imports this year will amount to $5.4 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 9 Jul 96 p A7)

FINANCIAL OPERATIONS

Argentine Metal Plant To Open in Brazil — Pundemap, which is considered to be one of the largest Argentine companies in the field of metalworks, announced that it will open a factory in Piracicaba. This company smelts metals under high pressure and manufactures parts for

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cars and airplanes. The municipality will donate to the company a 100,000 square meter plot of land near the Piracicaba- Limeira highway. The municipality will also provide infrastructure for the property: electricity, ground leveling, water, and sewage. The first Pundemap unit will begin to operate in eight months, generating 200 direct jobs. The investments will amount to $40 million. According to the Piracicaba mayor, "the arrival of this company is reflection of the Mercosur, Common Market of the South. The extension of the Bandeirantes highway, the construction of a gas pipeline, and the Tiete-Parana Rivers waterway that touches Piracicaba, weighed a lot in the decision of the Pundemap." (Sao Paulo AGENCIA ESTADO in Portuguese 2332 GMT 11 Jul 96)

FISCAL, MONETARY ISSUES

Lower Interest Rate Forces Dollars Out — The remittance of dollars abroad through the fluctuating exchange rate has increased considerably since May. The main reason for this is the reduction of the domestic interest rates, and the increase in U.S. interest rates. Since the exchange rate differential diminished, the speculative money, or the so-called "smart money" [preceding two words in English] tends to run away from Brazil. The remittance of dollars abroad through the fluctuating exchange rate amounted to $968 million in January, to $460 million in April, to $836 million in May, and to $1.254 billion in June. (Sao Paulo GAZETA MERCANTIL in Portuguese 11 Jul 96 p A1)

PRIVATIZATION

Southeastern Railroad Line To Be Auctioned — The National Bank for Social and Economic Development, BNDES, has published notices for the privatization of the Southeastern Line of the Federal Railroad System, Inc., RFFSA. BNDES has set the auction for 20 September. The minimum price of the Southeastern Line has been set at 888.911 million reals, R, for a 30-year concession term, which could be renewed for another similar term. The Southeastern Line links three major industrial cities: Belo Horizonte, Rio de Janeiro, and Sao Paulo. It is the most expensive and profitable of all of the RFFSA lines, with revenues totaling R400 million annually. Contrary to what happened in the previously privatized RFFSA lines, in which only a 20-percent down payment was required, the winner of the Southeastern Line will have to make a 30-percent cash down payment and the grace period will be reduced from two years to one. The Southeastern Line — which is linked to the ports of Rio de Janeiro, Sepetiba, and Santos — accounts for half of the cargo hauled by the RFFSA. In 1995, the RFFSA hauled 85 million tonnes of cargo, and the Southeastern Line accounted for 45 million tonnes. Iron ore, metalworking products, and cement account for 70 percent of the cargo transported by the Southeastern Line. (Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 12 Jul 96)

COMMERCIAL VISITS, OVERTURES

Minas Gerais Governor, Businessmen Visit London — With discretion and silence, a group of Minas Gerais businessmen and officials headed by Governor Eduardo Azevedo, visited London in the past few days. Azeredo said that Minas Gerais already has already attracted approximately $15 or $16 billion worth of foreign investments including industries that are already operating and projects. The Minas governor offered state banks, highway stretches, and Gasmig, Minas Gerais Gas company, to the British for exploitation. He also said that the money obtained from the privatization of the Vale do Rio Doce company will be invested in infrastructure. (Sao Paulo GAZETA MERCANTIL in Portuguese 11 Jul 96 p A1)

Chile

Chile: Frei Returns Home, Says Samper Visa Issue 'Serious'

PY1607035796 Santiago LA TERCERA DE LA HORA in Spanish 14 Jul 96 p 11

[FBIS Translated Excerpt] President Eduardo Frei returned from Costa Rica — where he attended a summit meeting with other Central American heads of state — on the evening of 13 July.

The chief executive reiterated that the cancellation of Colombian President Carlos Samper's entry visa for the United States is a most serious matter for relations between the countries of the hemisphere and the United States.

President Frei made these remarks at 1810 local time shortly after landing at Iquique Airport, a stopover in his flight bound for Santiago. [passage omitted]

The head of state arrived in Santiago at 2045 and made no comments to the press.

Chile: PS Leader Reasserts Loyalty to CPPD Government

PY1507134996 Santiago EL MERCURIO in Spanish 9 Jul 96 p C2

[FBIS Translated Excerpt] Deputy Camilo Escalona, the Socialist Party [PS] leader, has stated that the PS is absolutely loyal to the government. In so doing, Escalona rebuked the criticism leveled by President Eduardo Frei during his speech to the Christian Democratic Party

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[PDC] National Board that was directed at the PS, and particularly at Escalona.

He stressed that the PS is loyal to the government and that its policy is one of strict support for the position of the CPPD [Coalition of Parties for Democracy].

He added that as a ruling party and a workers party, it has done everything possible to resolve the many problems that the executive branch has had to face, particularly regarding social problems.

Nevertheless, CPPD sources stated yesterday that recent comments about loyalty to President Frei's administration were addressed to the PS because the executive branch is reportedly annoyed over Escalona's position regarding the coal miners strike. [passage omitted]

After downplaying the annoyance of the administration, and of CPPD members — particularly of the PDC — Escalona said: "We believe we can help the administration if we are more interactive and develop better ties with workers."

Asked if President Frei's statement may be interpreted as criticism, Escalona said it may be interpreted as such, but the PS believes the best way to be loyal to the administration is by promoting active communication and dialogue with the different social movements so the resulting interrelation may strengthen democracy. [passage omitted]

Chile: PDC Council Reaffirms Support for Government

PY1207234996

[FBIS Report] Santiago EL MERCURIO in Spanish on 6 July, page C2, carries a 550-word article reporting on the comments made by President Eduardo Frei upon opening the National Council meeting of the Christian Democratic Party [PDC] in Valparaiso on 5 July.

President Frei warned that the great opportunities opening up to Chile will not be useful if the political alliance that sustains the government gets involved in disputes that do not distinguish the main issues from the trivial ones and "if we are not capable of subordinating legitimate personal or factional interests, if we are weak or reluctant in supporting the government action." President Frei called on the government coalition, especially the PDC, to choose their best men for the upcoming municipal elections.

President Frei reiterated the "need to improve the quality of political action" and noted that economic development alone is not enough if it is not accompanied by highly moral, efficient, and responsible civic activities.

On the same page there is another 600-word article on the speech delivered by PDC President Alejandro Foxley at the same event reiterating the party's unrestricted support for the government. Foxley explained the PDC position on the main national issues, emphasizing the PDC support for the government despite the political costs. Foxley also admitted that his leadership was criticized for his excessive support for the government. Foxley praised the government achievements and promised his support for the education reform proposed by President Frei.

Santiago EL MERCURIO in Spanish on 7 July, page A1, carries a 1,200-word article on the decision made by the PDC National Council to promote an understanding within the Coalition of Parties for Democracy to have a single candidate in the 1999 general elections to ensure democracy and the historic continuation of the government coalition. The National Council did not establish any precise date to begin this process but an agreement was reached that this issue should be discussed after the municipal elections.

Santiago EL MERCURIO in Spanish on 8 July, page C3, carries a 500-word article on the solid support given by the PDC National Council to PDC President Alejandro Foxley. In this regard, Foxley said that the National Council decided to support the PDC leadership and to concentrate on the upcoming municipal elections. Foxley added that the definition of a single presidential candidate of the coalition will not be made until three years from now.

Chile: Former Central Bank President Explains Resignation

PY1207205296 Santiago EL MERCURIO in Spanish 6 Jul 96 p A1

[FBIS Translated Excerpt] Former Central Bank President Roberto Zahler has said that the decisions by majority made by the Central Bank Council, in relation to the debt some banks have with the Central Bank, are wrong. He added that some of the decisions affect the Central Bank's prestige and assets.

This is how Zahler confirmed that he resigned mainly because of the "growing and reiterated differences" with the council's majority in relation to the obligation some banks have with the Central Bank.

Through a communique, Zahler said yesterday that the differences became more serious when the council debated a different issue, although apparently related, involving a compensation due to a loss caused to the Central Bank. This issue is connected to the automatic capitalization of profits made by the Bank of Chile in 1994 and 1995.

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Zahler recalled that a ruling of the Santiago Appellate Court, which was ratified by the Supreme Court, established that the capitalizations were an illegal and arbitrary act. He added that the ruling imposed on the Central Bank the unavoidable task to search for a compensation for the losses caused by the capitalizations, either through judicial means or a just transaction.

Zahler pointed out, as indicated in the communique released on 28 June when he resigned, that his resignation is based on the conviction that due to a series of situations that had taken place in the last few months, it was impossible for him to continue as head of the Central Bank in accordance with the basic principles for managing the bank's presidency. [passage omitted]

Zahler believed that the debts were worth more than what was about to be agreed and that the Central Bank should not have yielded in this phase, especially regarding the losses caused by the formulas contained in the law.

Zahler wanted to separate the issue of the compensation for capitalizations from the formula for paying the debt. But finally, despite Zahler's position, the council approved the idea of including the two in one package, compensation and payment formula.

Chile: Former Colombian Diplomat Arrested in Drug Case

PY1207163996 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 12 Jul 96

[Speakers identified by screen caption]

[FBIS Translated Text] A former Colombian Embassy official in Santiago was the head of the drug ring responsible for smuggling the huge cocaine shipment seized at the San Antonio port.

[Begin recording] [Unidentified reporter] The shipment of pure cocaine discovered during a joint operation by the Carabineros OS-7 [Special Operations] Department and the Customs Office was hidden in three vats for sterilizing hospital garments.

The last two vats were opened at the Carabineros headquarters in Valparaiso with electric saws. They were shipped in a container aboard the merchant ship MFMG Santiago from the Buenaventura port in Colombia and arrived in San Antonio on Friday 4 July [as heard].

The ship that transported the drugs should now be in Peruvian waters. Carabineros said they did not detain the ship because the drugs were discovered only after it had left port. Nevertheless, the police department reported they have contacted the police authorities of those countries where the ship will dock.

The police reported that a first vat entered the country last December, but that it contained no cocaine. They added that vats containing the cocaine were sealed and were covered with insulating metal sheets.

The Carabineros said seven people were arrested — five Chileans and two Colombians, all of whom are relatives. The latter have been identified as Alberto and Constanza Botero. The woman arrived in Chile a couple of days ago. The police said she supervised the customs proceedings of the containers, financed their transfer, and awaited further instructions from Colombia before allegedly shipping the drugs to Florida, in the United States.

The Carabineros also reported that the organization chose Chile because it may become a potential drug trafficking route and because of Chile's international prestige.

The Carabineros said that Alberto Botero was — during Cesar Gaviria's administration — third secretary at the Colombian Embassy in Santiago. After withdrawing from diplomatic life, Botero opened a clothing importation office some seven months ago. The paperwork on the containers was handled at Botero's offices in Providencia neighborhood. The container was addressed to a deceased individual.

[National Customs Director Enrique Fanta] We have been working since May with the Carabineros Drug Enforcement department on this case because we detected false information on some customs papers. Since then, we have closely followed developments.

[Reporter] Police sources reported that a Carabineros member — who is not involved in drug enforcement — was tipped off about the cocaine and informed the OS-7 of the operation.

Botero, who is married to a Chilean, lived in a building on the corner of Corte de Apelaciones and Tupungato Streets, in Vitacura district. His wife and two sons have also been arrested.

The police seized one of the vats containing drugs from this building. Botero stored the vat in the parking area. Neighbors said they complained about the Botero children, one of whom stole radios from parked cars.

The National Defense Council announced it will also take part in the investigation of this cocaine operation.

The Carabineros have counted 578.5 kg of cocaine so far. Judge (Marcos Belsestein), of the Valparaiso Sixth District Court, has ordered the cocaine to be sent to the Health Service for incineration during a public ceremony on a date to be set by the judge. [end recording]

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Chile: PC, Humanists Prepare for Elections

96SM0406B Santiago LA NACION in Spanish 3 Jun 96 p 8

[Article by Ximena Galleguillos]

[FBIS Translated Text] Working independently of The Coalition, the Humanist and Communist Parties are almost ready to begin competing in the race for municipal council seats and mayoralties up for election on 27 October.

The PC anticipates a substantial increase in votes based on the results obtained in elections held in social organizations such as the College of Teachers and health care union. Their leaders feel assured of doubling the number of votes obtained in June 1992, when the figure was 6.5 percent (419,478 votes).

The October election is of extreme importance for the Humanist Party (PH) because this is the first time it will run alone, a circumstance likely to provide a precise idea of how many supporters it has. In the 1992 municipal elections, the PH ran in a pact with The Coalition and obtained .82 percent of the votes (52,481) in the 20 communes where they ran. This in turn caused it to reject the Communists' proposal of an election pact, even though both argue that "all parties are different variations of the system" that both challenge.

Rebuilding

On the subject of alliances, the Communists publicly admit that they would have liked to run with the Humanists, a position they continue to maintain.

Nevertheless, given the Humanists' refusal, they chose to contribute to the process of the "regrouping of the left" with an open list mixing members with leftist independents. The list includes members of the Manuel Rodriguez Patriotic Movement and 15 or 20 socialists who, without denying their origins, prefer a more hard-line left than that presented by The Coalition. They will also accept representatives of MIDA [Allendist Leftist Democratic Movement], MIR [Movement of the Revolutionary Left], Mapuche organizations, social entities and neighborhood boards, according to Javier Chavez, a member of the Political Committee and head of PC organizations.

The Communists are waiting for a new leftist party, called the New People's Alternative (NAP), to complete its registration in order to form some kind of pact. The group, which includes factions that have split with the socialists, as well as former *comandantes*, is led by Jaime Duran.

Candidates from the PC list emerged from proposals made by activists in the communes themselves, and the final names will be determined by the Central Committee. Chavez notes that municipal candidates will receive no financial aid, meaning that the notion of "decentralized communal financing" will be applied.

Any form of alliance with the PS was ruled out long before the Socialist Congress and the events in the CUT [United Workers Confederation]. This does not [sic] mean that "joint work will continue at the rank-and-file level."

Humaa Power

The Humanist Party, which is legal throughout Chile, has completed the first phase of the elections. On Wednesday, in accordance with the law, it submitted its membership list to the Election Service.

The party says it has no star candidates, but its best-known leaders, which include Pablo Vergara, mayor of %u$oa, Efrn Osorio, Ana L'Homme, Mario Aguilar and Marlene Cabrera, will run for reelection. It is not yet clear whether Andres Koryzma will run for the commune of Santiago again. The rest of the candidates are defined as "common, ordinary people of little note."

The PH, which merged with the Greens several years ago, aims its message at a preferably young, alternative voter, "people who fear that something is not working in society."

Wilfredo Alfsen, national organizational secretary, said the Humanist list is open. The party will put up mayoral candidates in the 365 communes, including on its lists its own members and rank-and-file independents who "identify with the humanist lifestyle, one that differs little from the daily struggle and that attempts to impose the power of what is human over the power of money."

The profile of its candidates is defined as humanist, nonviolent and having faith in the processes of change which they say is sure to come.

Led by Tom s Hirsh, the Humanists will not provide their candidates with any kind of financing, and will rely on work done by the rank and file going door to door in order to take their message to the voters.

Their style of politics is quite different. Members "contribute 8,000 pesos every six months, which money is used to lease party premises and finance occasional trips taken by leaders." They have no permanent officials and the leaders themselves rotate working at headquarters handling those coming in.

They admit having good relations with all of the country's ecology organizations, but take a hard line

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on the "inflated, self-centered" leadership exercised by Manfred Max-Neef during the presidential campaign.

Both parties will have to undergo a real test of fire: The Communists aspire to increase their historical 6 percent of all votes and ascertain how much strength the true "hard-line left" represents in this country. The Humanists face an even greater challenge, however. They will find that their message, which mainly targets the young, will encounter an election base that lost over 52,000 persons in 1995, young people between the ages of 18 and 24 who have no interest in registering to vote.

Colombia

Colombia: Samper on Visa Revocation, Helms-Burton Law

PA1607024196 Santa Fe de Bogota Radio and Television Networks Spanish 0100 GMT 16 Jul 96

[Weekly address by President Ernesto Samper; place and date not given — live or recorded]

[FBIS Translated Text] Colombians: As you know, last week the U.S. Government adopted the political decision of revoking my visa to enter that country. It was an unfriendly action, which as many international analysts have understood was not simply a measure against Ernesto Samper. This action was a direct offense against the president of a sovereign country and shows a lack of respect toward Colombian democratic institutions.

Furthermore, that U.S. Government decision is part of a new foreign policy that, in recent days, in enforcing the Helms-Burton law, also banned the entrance into that country of distinguished Canadian businessmen. It was also announced that several European businessmen could also be sanctioned, including the representatives of a respectable and well-known Spanish hotel chain.

Fortunately, we are not alone. Many countries in the region and the world have already expressed their support for Colombia and their opposition to this measure of intervention in our internal affairs. To all of them, on behalf of the Colombian people, many thanks for their solidarity and understanding.

The most deplorable part of this U.S. Government decision is that it does not costribute in any way to the struggle we are waging and will continue waging against drugs. As a result of these attitudes and the state of tension in the relations between both countries, the cooperation we had managed to build in 15 years of joint efforts has deteriorated. In the long run, the only one who benefits is the common enemy. At this moment, the drug cartels must be celebrating the fact that things are not going well between two governments that were dedicated as one to face them.

Despite everything, we will continue working, alone or accompanied.

I must say that if what they attempted to do with the cancellation of my visa was to isolate me from my very government and from the Colombian people, following the instructions of a memorandum not denied by their ambassador to Santa Fe de Bogota, they were wrong. I had never felt so much solidarity from Colombians, from my associates, and from the international community, as at this difficult time.

For these same reasons, I firmly continue to lead the state. Colombia would take many years to recover from the moral shame that would be caused, as some of my adversaries want, if the president resigned because another country withdrew the invitation to its home.

I will not allow the efforts to turn Colombia into a narcodemocracy. We are going to tell the world what we have suffered as a result of this problem, but especially what we are doing to wipe it out. We are confident that the international community will also fulfill their share of commitment and sacrifice in this struggle.

No one can question my resolve to fight drug trafficking. The figures on what my government has done are unparalleled and my life — I have always said this — is an open book, as has been my public service. Colombians, you know that I am a good man and that in order to govern you I don't need anyone other than yourselves, the Colombian people, to issue a good conduct certificate for me.

Although it hurts me to see the way they are treating Colombia, particularly its president, I have accepted carrying this cross until the end, because I am convinced that some day justice will be served for all Colombians, accused like me, charged like me, offended like me, before the world of a sin we have not committed.

With the help of God, I am confident we will know how to overcome the current difficulties. Good evening.

Colombia: Spokesman Reacts to U.S. Visa Revocation

PA1607004196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2140 GMT 15 Jul 96

[News conference by Narino Palace spokesman Carlos Castillo with foreign and domestic correspondents in Santa Fe de Bogota — live; poor reception precludes fuller processing]

[FBIS Summary] During a 23-minute news conference with reporters, Narino Palace spokesman Carlos Castillo begins his remarks by saying that "no request for the president's resignation or break with the Santo Domingo

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group" was made at a meeting held today between the parties. Castillo states the president has been holding meetings with various groups from Colombian society in order to report to the country "in his 20 July address" the efforts he has undertaken to "maintain and consolidate national unity."

When asked about the government's alternatives in the face of requests for the president's resignation, Castillo responds: "This is not the most appropriate moment to tender a resignation. The answer from the president in this regard was clear enough."

Castillo voices "surprise" over the statements made by "the ambassador to Spain," before knowing the official statements of the government. He further says that for now "there is not a break" between the government and the vice president.

When prompted on the possibility of holding preliminary elections, Castillo states that "elections will be held in accordance with the electoral schedule for the presidency, namely on 7 August 1998." Commenting on the possible cancellation of visas for some ministers, Castillo asserts that "international support" for Colombia has increased, noting the declaration issued by the Nonaligned Movement (NAM) and Caribbean countries. He adds that "certain measures" can have a "boomerang" effect, in the sense that they will not be supported by the people.

Castillo says he has "no information" on the likely successor of former Ambassador to Washington Carlos Lleras de la Fuente. The spokesman notes that the "president does not need a visa from a government to be president of the Republic." He further states Samper's "determination is to remain as president, as he has said in the past, in accordance with the mandate received from the Colombian people."

When asked about the possible Colombian participation at the upcoming UN General Assembly, Castillo explains that "the president is entitled to attend the UN General Assembly. He is one of the first people who will address the Assembly as NAM president." At this meeting, Castillo concludes, the president "may bring up the Colombian problem."

Colombia: 'Shock Plan' To Generate Employment Limited

PA1507032196 Santa Fe de Bogota EL TIEMPO in Spanish 9 Jul 96

[Received via Internet]

[FBIS Translated Text] The possibilities of generating new jobs with the current plan are limited. To increase employment it is necessary to increase demand, and this in turn requires a decrease in interest rates.

The so-called "Shock Plan" to create jobs that President Samper announced last weekend does not seem to go far enough toward creating new jobs.

These conclusions are the result of an analysis of the different components of the plan.

Furthermore, given its modest scope, all indications point to a rather unimportant impact by the plan upon public finances.

Finance Minister Jose Antonio Ocampo has said that employment will only increase if the economy is revived. For that to happen, interest rates must decrease and demand increase.

Unemployment Insurance

One of the points that developed the highest expectations in the president's announcement was the creation of unemployment insurance that would cover membership contributions to the Social Security Institute (ISS) and mortgage payments for those who become unemployed. The initiative would be carried out by the ISS and the Central Mortgage Bank (BCH).

Everything seems to indicate, however, that this formula has limited scope.

BCH President Maria Jose Garcia Jaramillo told EL TIEMPO that BCH mortgage holders have been covered by unemployment insurance for the past two months. Furthermore, a study is being made on the creation of an insurance plan to cover the ISS dues of those ISS members who are also BCH mortgage holders.

This will limit this insurance benefit only to those who are BCH mortgage holders.

It is not clear how this benefit could be extended to those who do not have credit with the bank. In its current form, the cost of the insurance is included in mortgage payments. The BCH would have to subsidize the cost of the insurance if coverage is extended.

Housing

The president also announced measures to accelerate disbursements of 100 billion pesos by the Compensation Funds in order to subsidize low-income housing.

With regard to the program to revive the low-income housing program, Maria Lucia Hincapie, the Development Ministry's housing director, said that it is not yet clear how much the family compensation funds can earmark for this purpose.

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The amount specified by President Samper would be enough to build 30,000 low-income homes. The delivery of the houses would depend on the credit approval by the housing and savings corporations, a step that has been a great obstacle in speeding up plans for low-income housing (VIS). The low income of potential beneficiaries keeps many of them from receiving mortgages.

Foreign Trade

The president announced safeguards and measures to control smuggling in order to revive production sectors that are facing difficulties.

However, the possibility that these actions could close down the economy have raised fears.

Fenalco [National Federation of Businessmen] President Sabas Pretelt de la Vega pointed out that the fight against smuggling could have favorable effects upon the revival of the economy. Nonetheless, he expressed his concern for what he called the "neoprotectionist touch," which would imply a return to the stone age and to the defense of privileges that have already eliminated.

A foreign trade analyst that EL TIEMPO consulted said that "there is no hard evidence showing that the application of safeguards will result in more employment. Furthermore, the sectors that are most affected by imports bring them from neighboring countries such a Venezuela and Ecuador. It is not easy to apply safeguards to Andean countries as a formula to increase employment, especially when we are just beginning to regulate the steps for the application of these measures as was agreed upon last week in Caracas."

Colombia: Plan To Attack Deputy Prosecutor Detected

PA1407233196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Jul 96

[Report by Alvaro Ayala; from the "24 Hours Newscast"]

[FBIS Translated Text] State security bodies revealed today the composite sketch of a man who received a huge sum of money to stage an attack on Deputy Prosecutor General Adolfo Salamanca.

State intelligence and security organizations began looking for this man based on this composite sketch. He is accused of receiving a huge sum of money for planning an attack on Deputy Prosecutor General Adolfo Salamanca Correa.

It was learned today that, in the course of an operation to arrest the man at a hotel in downtown Santa Fe de Bogota, where he was apparently staying, the chief of security of the deputy prosecutor general was injured in a confusing incident. An official source told the "24 Hours Newscast" that the identity of the criminal was given to the authorities by a witness, who identified him when he found out that he was tracing the routes Salamanca Correa used from his office to his home and to the university.

The number of bodyguards assigned to the deputy prosecutor general was increased today. Paradoxically, while intelligence organizations are stepping up their security measures, it was learned today that a group of congressmen support the idea of ordering a 10-day arrest for the deputy prosecutor general.

Colombia: Pact Between Prosecutor, Medina Invalidated

PA1407163596 Madrid EFE in Spanish 2203 GMT 11 Jul 96

[FBIS Translated Text] Santa Fe de Bogota, 11 Jul (EFE) — A Colombian judge has invalidated the agreement between the prosecutor general and Santiago Medina, the former electoral treasurer of Colombian President Ernesto Samper's presidential campaign, that was about to set him, the catalyst of the "narco-scandal" in the country, free.

The judicial ruling establishes that Medina will have to return to the jail in Santa Fe de Bogota where he remained from July to December 1995, when he received the benefit of house arrest.

Lawyer Alejandro Hernandez, who defends the former treasurer, has said he was "surprised" by the manner in which the judge has ruled on Medina's case and has implied there could have been illegal interventions in it.

"There are serious, political interests against Santiago Medina," the lawyer has told reporters in Santa Fe de Bogota. He then asked himself who and what could have made "the judge change his mind."

Hernandez, who has plans to request an official notice of the judicial ruling today, believes that what has happened to his client demonstrates there have been, without a doubt, "political manipulations."

The judge made this decision six months after the former treasurer of Samper's campaign was given house arrest, which he is serving in his northern Santa Fe de Bogota mansion as a benefit granted to him by the Prosecutor General's Office, which believes he has efficiently cooperated with justice.

Medina suffered a cardiac crisis when he discovered he would be returned to prison and has been in a hospital since the evening of 10 July. Medina's doctors say he

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is in stable condition, but hospital sources have told reporters he must remain hospitalized for at least two more days.

News sources have stated that Medina will have to go directly to the clinic of the National Model Prison, in Colombia's capital, where he must serve the prison term to which he was sentenced by a "faceless judge" (who acts anonymously to avoid reprisals).

Contrary to what Medina and his attorney had been expecting, the judge did not accept the agreement signed several weeks ago with the Prosecutor General's Office that assured Medina' freedom on house arrest.

Samper's former treasurer, an antiques dealer, declared himself guilty of illicit enrichment in favor of third persons after having petitioned the Prosecutor General's Office for pretrial sentencing. The pretrial favored Medina by reducing his 60-month sentence by one-third; this added to similar benefits granted to him for his confession and for his efficient collaboration with justice has reduced his sentence to 36 months in jail.

The former treasurer, detained since late July 1995, apparently has guaranteed parole because local laws favor individuals whose prison sentences are under three years.

The "faceless judge" who has presided over Medina's case not only has rejected the agreement Medina reached with the Prosecutor General's Office but has raised the minimum sentence to seven and a half years and only has recognized reductions for having accepted pretrial sentencing.

Medina was captured in July 1995 and became the first of the president's campaign executives to be sent to jail by the Prosecutor General's Office under charges of illicit enrichment.

A similar charge stemming from reports that the Cali drug cartel infiltrated Samper's political campaign has kept Fernando Botero Zea, former Defense Minister and campaign manager, and Juan Manuel Avella, former campaign administrative director, in jail since August.

The Colombian president faced that and other charges before the Chamber of Representatives, which on 12 June ruled in his favor by a 111 to 43 vote. This decision has deteriorated the relations between Colombia and the United States to the point that Samper's visa for entering U.S. territory was revoked today.

Colombia: Arrest Warrant Issued Against Sen Guerra

PA1307165196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 11 Jul 96

[From the "24 Hours" newscast; monitored live from a relay by Lima Sistema Unido de Retransmision]

[FBIS Translated Text] The Supreme Court of Justice [CSJ] has issued an arrest warrant against Senator Jose Guerra de la Espriella, who is linked to Case 8,000; he is the eighth congressman arrested for the narco-scandal:

[Begin recording] [Guerra] Do not be a scoundrel; he has not accused me.

[First unidentified report] Guillermo Pallomari....

[Guerra, interrupting] Tell me on what list?

[Reporter] On the list....

[Guerra, interrupting] No way. If my name is included on the list, I challenge you, and I will resign from the Senate tomorrow.

[Second unidentified reporter] But do you know Pallomari?

[Guerra] I do not,... [pauses] Let's see. Let's go slowly here. I will resign from the Senate immediately if I am included on this list. Do not be a rogue. [end recording]

Despite the self-assurance and the vehemence with which he defended himself six months ago before reporters from the charges on having received ill-gotten money, the CSJ on 10 July sent Senator Guerra to prison. In this case, the CSJ took into account not only Guillermo Pallomari's statements but also those of the so-called Cali cartel chiefs, Gilberto and Miguel Rodriguez Orejuela, and Julian Murcillo. Guerra must stand trial for the alleged crime of illegal enrichment.

It was stated in the beginning that he will be confined to the former Riflemen's School located in western Santa Fe de Bogota.

Colombia: Guerrillas' Ties With Terrorist Nations Viewed

PA1507154696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 13 Jul 96

[Report by Marta Rojas; from the "24 Hours Newscast"; monitored from relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] A document seized from the National Liberation Army [ELN] indicates that Colombia's guerrillas have secured the support of terrorist countries. The support includes military, economic, and ideologic

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assistance through those countries' embassies in Santa Fe de Bogota.

The Colombian Government's international relations are lacking in comparison to the foreign relations of the Simon Bolivar Guerrilla Coordinating Board [CGSB], especially with the ELN. This terrorist group maintains relations with the United States, Cuba, the Dominican Republic, Panama, Venezuela, El Salvador, Guatemala, Argentina, Brazil, Chile, Haiti, Paraguay, Peru, Uruguay, Mexico, Palestine, the Philippines, Germany, and Spain.

According to a 56-page document, in 1992 the guerrilla coordinating board described its initial contacts with the Libyan Embassy. Around that time the guerrillas confirmed in writing their visits to the Korean Embassy and confirmed the ideologic support of the Korean Government by the ELN.

In a note prepared on 25 June 1992, the guerrillas report on relations with Mario [not further identified] at the Vietnamese Embassy and met with his military chief.

The document confirms the presence of ETA terrorists in Colombia. ETA contacts later said that there was no military training of Latin American soldiers in the United States.

Although the CGSB's international relations are managed from Cuba by a group called El Colectivo de Palmas, the documents seized establish that the ELN's relations are managed from Panama, especially because of banking operation facilities.

Colombia: Industrial Group Says 1996 Results 'Difficult'

PA1507193496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 13 Jul 96

[Report by Yessid Lopez in Manizalez; from "The Midday Newscast"]

[FBIS Translated Text] Felipe Montes Trujillo, president of the board of directors of the National Association of Industrialists, ANDI, analyzed 1996's first semester results and described them as difficult. He said that the second semester could be worse due to the economic situation that the country is experiencing and increasing unemployment. He favors, however, an increase in domestic coffee prices, which could help to turn things around.

[Begin Montes recording] I believe a price increase for coffee producers is essential for the region and for the country, such as what Dr. Mario Gomez Estrada is currently proposing at the National Coffee Producing Committee. I believe that this may somehow halt the drop in demand that we are suffering in Colombia. [sentence as heard] [end recording]

Montes Trujillo hopes that the national government will agree on new domestic coffee prices over the next few days in order to help improve, albeit slightly, the situation.

Colombia: Comptroller Says Capital's Records 'Unreliable'

PA1307000696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2231 GMT 12 Jul 96

[FBIS Translated Text] Santa Fe de Bogota — The Comptoller General's Office of the Santa Fe de Bogota capital district said the city's financial status report is not reliable. At this time, we cannot say what Santa Fe de Bogota has and how the money is managed because many flaws have been detected in the city's accounting systems.

According to the financial report drafted by the capital district, repeated irregularities were detected that have adversely affected the city's accounting records and financial reports, the Comptroller General's Office said.

Colombia: Communique Issued on Increasing Gas Prices

PA1307043196 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0322 GMT 13 Jul 96

["Text" of communique issued by the Mines and Energy Ministry in Santa Fe de Bogota on 12 July]

[FBIS Translated Text] The Mines and Energy Ministry hereby informs the public that beginning at 0000 on 13 July 1996, the new prices of fuel will go into effect throughout the national territory. The price of regular gasoline, GPM [expension unknown], and all other products — except for super gasoline and benzine — will increase by 5 percent.

According to Resolution Number 81509, dated today, 12 July, the new price of regular gasoline, diesel, and kerosene will be 954 pesos per gallon. This adjustment completes the 17-percent fuel increase for this year, thereby fulfilling the target set by the Social Pact for 1996.

Meanwhile, the sale margin of distributors, wholesalers, and retail sellers will be adjusted to a 19.5 percent increase, approximately. No adjustment will be made to the price of additives, considering that the current price compensates for the cost of this process.

It is important to remember that since 1 March 1996, extra gasoline was excluded from the price control system.

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[Dated] Bogota, 12 July 1996

Ecuador

Ecuador: Bucaram Confirms Leoro To Remain Foreign Minister

PY1607002496 Quito Voz de Los Andes in Spanish 2300 GMT 15 Jul 96

[FBIS Translated Text] Ecuadoran President-elect Abdala Bucaram said today that current Foreign Minister Galo Leoro Franco will remain in his post under the new administration.

Bucaram said: I talked with Leoro and he accepted. He will continue as foreign minister, said Bucaram after meeting with members of the National Security Council. Leoro is one of the main officials responsible for the peace process being carried out by Ecuador and Peru after the military conflict in 1995.

Ecuador: Vice President-Elect Undergoes Minor Surgery

96P20458A Guayaquil El UNIVERSO in Spanish 11 Jul 96 p 9 1S

[FBIS Translated Text] Vice President-elect of the Republic Rosalia Arteaga underwent surgery during which doctors removed an 8-millimeter benign tumor from the lower right side of her jaw. According to hospital sources, Rosalia Arteaga entered Quito Metropolitan Hospital Tuesday evening and was discharged at 11:45 yesterday [Wednesday].

Arteaga de Cordova was operated on by surgeons Estela Felipe, Rodrigo Arteaga, and Farid Yapur. She has been resting, since yesterday, at her new home on Gonzalez Suarez.

The operation took 10 minutes and, following a brief recovery, she was able to leave the hospital on foot yesterday noon.

The doctors took the opportunity to recommend that she rest for the entire week to recover from the hectic schedule of the last few months.

Ecuador: Armed Forces Chief Denies Report on Deployment

PY1607005396 Quito Voz de Los Andes in Spanish 2300 GMT 15 Jul 96

[FBIS Translated Text] General Jorge Ortega, chairman of the Ecuadoran Armed Forces Joint Command, called today on the Peruvian media to remain calm regarding the peace process between Ecuador and Peru.

He said: I especially call on the Peruvian media to remain calm. We are in the midst of a peace process, to which the Ecuadoran and Peruvian people are committed.

Gen. Ortega denied a publication from the Lima daily EXPRESO reporting alleged Ecuadoran military troop deployment toward the Peruvian border. Ortega said that tranquility prevails at the border between the two countries and that there is no problem.

Paraguay

Paraguay: Wasmosy Returns From Asia, Discusses Mission

PY1607002696 Asuncion ABC COLOR in Spanish 14 Jul 96 p 3

[FBIS Translated Text] President Juan Carlos Wasmosy returned to the country from his tour of Korea and Taiwan at 1030 on 13 July. The president held a news conference shortly after stepping off the plane. He talked about what his mission achieved during his visit to those Asian countries.

Wasmosy officially and categorically said that he will not change his administration's current economic model despite the criticism against it within his own party and the country's labor movement. "My government will continue firm with the current economic model because we cannot turn the clock of history back and go the wrong way. We need to work and look at production more," the president said.

The president also questioned the criticism for his continuous trips abroad (the last criticism came from Colorado Party President Luis Maria Argana during a political rally in the interior of the country) without giving reasons or arguments. He gave details of some of his achievements in Asia as an answer to the criticisms against his trips.

Wasmosy mentioned that the Taiwanese Government approved a $20 million loan for the Congress, adding that this time the loan will be disbursed all at once and not in installments, as it was established at the beginning.

The president also said that the two countries agreed to finish the industrial center in Ciudad del Este and to build a bridge over the Paraguay River. Taiwan donated two helicopters, which will be used for diverse purposes (combat, ambulance, transport) and which will arrive in our country next month.

The president said that a fire truck will be delivered to the National Police, equipment and drainage [as published] to 15,000 men in the Armed Forces, and sparsely used road equipment to the Engineering Command.

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The president also mentioned that several agreements had been signed at the ROK. He underlined the extradition agreement and a commitment for cooperation in economic development through an unlimited credit line for use in the areas of education, health, and agriculture.

He said it is very possible that Daewoo will install a car assembly plant near Ciudad del Este. "The factory will manufacture 60 different model cars per hour," Wasmosy said.

The president added that some entrepreneurs are interested in purchasing two cotton mills to increase the number of mills already in their power.

The president also mentioned that Samsung could install an electric appliances and telecommunications factory in the country to sell its articles in and outside of Mercosur [Common Market of the South].

Wasmosy said Korea already approved a line of credit of $30 million so that Antelco [National Telecommunications Administration] could extend its services to Alto Paraguay.

The president announced the installation of a Korean foreign trade agency in Paraguay, which will study the possibilities to invest in infrastructure projects and hotels in the country. The president added that Korea will open its market to Paraguayan meat, adding that cattlemen now have a new challenge: to cover the extra demand of approximately 100,000 tonnes of meat a year.

Paraguay: Senate Approves Agreement To Fight Corruption

PY1507132896 Asuncion NOTICIAS in Spanish 12 Jul 96 p 6

[FBIS Translated Text] The Senate yesterday unanimously approved the Inter-American agreement against corruption that has been signed by all OAS member countries.

The agreement seeks to promote and strengthen the development, by each one of the member states, of mechanisms to prevent, detect, sanction, and eradicate corruption.

The agreement also seeks to facilitate and regulate cooperation among members to ensure the efficiency of measures and actions to prevent, detect, sanction, and eradicate acts of corruption during the exercise of public functions, or acts of corruption specifically linked to those functions.

To enforce the agreement, members consider acts of corruption any request by a public servant or a person performing a public function, directly or indirectly, of any object of pecuniary value or other benefit such as presents, favors, promises, or advantages for himself or for other persons or entities, in exchange for carrying out, or failing to carry out, any act during the exercise of said public servant's functions.

Among other things, the agreement also considers corruption the implementation, by a public servant or a person performing a public function, of any act or omission during the exercise of his public functions seeking to obtain an illegal benefit for himself or for a third party.

Paraguay: Division Within Ruling Party Bloc Intensifies

PY1207184896 Asuncion ULTIMA HORA in Spanish 6 Jul 96 p 5

[FBIS Translated Text] The "accommodation" currently affecting Colorado Party leaders is also occurring — in the same direction — within the Chamber of Deputies.

Over the past few days, the ANR [National Republican Association] bloc has intensified its disagreements, and it is now divided into two main factions, formed with members of the various government party sectors.

The difference between the two factions, for the time being, seems to revolve around the level of closeness to the Argana-led sector.

The faction that is closer to the Wasmosy circle — which voted for Atilio Martinez Casado for president of the Chamber of Deputies — has even elected its leader and deputy leader and introduced them to the Chamber of Deputies president.

The leader of this faction is Neri Filemon Gonzalez and the deputy leader is Dario Palacios. This faction, which considers itself "pro-Wasmosy," is the larger because it has 21 of the 38 Colorado deputies. The other faction — comprising pro-Argana lawmakers, some pro-Wasmosy members, and the so-called independent lawmakers — has 17 members who call themselves "institutionalists." They will designate Luis Becker and Luis Gonzalez Macchi as their leader and deputy leader, respectively.

"Official support" seems to have been extended to the majority group, which yesterday showed evidence of this support through a meeting with President Juan Carlos Wasmosy at the presidential office in the Lopez Palace. They then met with Vice President Angel Roberto Seifart.

The key issue, which reflects the situation within the party, reportedly deals with negotiations, conversations,

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alliances, and barters that will be made for the presidential elections of 1998, for which there are expectations of a lengthy and tight race.

Paraguay: Senior Officers Expected To Be Retired Listed

PY1507145496 Asuncion NOTICIAS in Spanish 8 Jul 96 p 4

[FBIS Translated Text] Military sources have reported that several high-ranking military officers, who are at the disposal of the Armed Forces commander in chief, could be retired soon.

On 7 July, Defense Minister Hugo Estigarribia confirmed that normal procedures within the Armed Forces offer two possibilities for an officer who is at the disposal of the commander in chief: he is either confirmed in his post or sent into retirement.

Several officers who could be retired soon are being mentioned following the recent events involving General Lino Cesar Oviedo.

On 7 July, Estigarribia confirmed that General Jose Felicisimo Segovia Boltes could be retired in November on orders of the commander in chief, for having violated several articles of Law 847/80 of the Military Personnel Statute.

Other military officers who were recently dismissed and placed at the disposal of the commander in chief could be also retired, unless the contrary is ordered and they are transferred to units on the border or in the Chaco region.

The measure adopted by the commander in chief could also affect the following Army senior officers: Division General Hector Ocampos Diaz, former director of Conague [National War College]; Brigadier General Luis Julian Riego, from the 1st Cavalry Division; former Defense Vice Minister General Abilio Gimenez; General Antonio Martinez; General Victor Segovia; General Pedro F. Torres; and General Sindulfo Ruiz.

The April incident has so far placed about 10 generals and other senior officers in a difficult situation following their open support for rebel Gen. Oviedo, retired.

The attitude adopted by Oviedo on the night of 22 April, his refusal to hand over the command of the 1st Corps, and the announcement that more than 20 generals supported him, prompted the support of other officers who in some way agreed with the position of the rebel officer who tried to disrupt order.

Although it is up to commander in chief engineer Juan Carlos Wasmosy to dismiss the above-mentioned officers, it is expected they will retire in August or before the end of the year.

Paraguay: 'Substantial' Military Budget Cuts Prepared

PY1307033896 Asuncion NOTICIAS in Spanish 9 Jul 96 p 6

[FBIS Translated Text] Military sources have announced that the Finance Ministry is preparing a substantial cut in the Armed Forces budget, a cut that would be implemented soon.

During an air show at the Air Force Command last weekend, Defense Minister Hugo Estigarribia pointed out that this budget cut would be implemented as of the second half of the 1996 fiscal year.

Even though the cut would affect most state institutions, ministries, and other agencies, it would especially affect the Army, among the Armed Forces branches.

Even though percentages were not supplied, the cuts would affect various allocations and virtually all the Armed Forces branches.

Travel allowances, fuel, telephone services, military vehicles, and other elements described as dispensable would be removed from the Armed Forces. The measures to be implemented are designed to achieve significant savings for the state by diposing of all those elements that are not of paramount importance for the various units.

Serious Inconveniences

The defense minister pointed out that the 1996 fiscal budget is confronting serious problems, as the money is very tight and it is necessary to meet all the targets that the executive branch has established for this year.

Therefore, all the Armed Forces vehicles that are not properly used or necessary would be removed from service, thus saving fuel. Surplus typewriters would be removed from the offices, and so on. The idea involves saving in as many appropriations as possible.

Concerning travel allowances, efforts will be made to prevent unnecessary travels, thus significantly reducing military expenditures.

Paraguay: Military Head Says Crisis Effects 'Dissipated'

PY1307034296 Asuncion ABC COLOR in Spanish 12 Jul 96 p 6

[FBIS Translated Exceprt] Military Forces Commander General Silvio Rafael Noguera said that last April's

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crisis constituted a "very special situation" for the country, stressing, however, that today its effects "have dissipated." Noguera said: Today we can say that all officers are conscious of the new times and that the interests of the nation are first. He made a call to put aside "circumstantial matters" and work for progress without distinctions.

Noguera said that people must understand the importance of the successful resolution of last April's military problem. "Never before has a civilian president, a civilian commander in chief, gone through a situation like this. Not only gone through it but was able to successfully resolve the situation. We are all aware of what the people went through," Noguera recalled referring to the coup attempt headed by then Army Commander General Lino Cesar Oviedo.

Noguera said that today the Armed Forces are committed to respect our democratic institutions. The Armed Forces are conscious of their responsibility to strictly abide by the Constitution and the law, Noguera said.

Lopez Moreira said "People Thought It Over"

Vice Admiral Carlos Lopez Moreira, referring to the military said that "people thought it over." He made clear that he was talking about those who at one point might have contemplated the possibility of breaking the Republic's institutional order. Lopez Moreira said that now our priority is the nation. We should never again endanger our citizens as a result of the wrong behavior of some military officer. He said that now we can affirm that the Armed Forces are "a guarantee for the process."

Noguera, Lopez Moreira, and Army Commander Division General Oscar Rodrigo Diaz Delmas on 11 July participated in a ceremony celebrating the closing of the instructions period at the First Corp. The meeting was at Cerrito and 2d Cavalry Regiment members also participated.

Also present was Vice President Angel Roberto Seifart in his capacity of acting commander in chief because the president is out of the country in an official mission. [passage omitted]

Paraguay: Oviedo Brother Replaced as Military School Head

PY1207163596 Asuncion ABC COLOR in Spanish 11 Jul 96 p 6

[FBIS Translated Excerpt] Colonel DEM [General Staff School Graduate] Emilio Manuel Canela was installed yesterday as the new "Acosta Nu" military school director, replacing Colonel DEM Ernesto Dario Oviedo Silva. Acting CIME [Military Training Institutes Command] Commander General Cesar Concepcion Ferreira installed Canela.

Oviedo Silva was replaced on orders of the president of the Republic, Juan Carlos Wasmosy, as commander in chief of the Armed Forces, before leaving for Korea. [passage omitted]

Paraguay: Vice President Levels Criticism Against Wasmosy

PY1307034796 Asuncion ABC COLOR in Spanish 11 Jul 96 p 10

[FBIS Translated Excerpt] Vice President Angel Roberto Seifart has told Radio Nanduti that, within a general context and pursuant to constitutional provisions, the vice president's duties "exclusively depend on the president of the Republic's mood and the space that the president of the Republic leaves for his vice president" to coordinate the relations between the executive branch and Congress.

The politician, who is acting as president during President Wasmosy's absence, emphasized that his performance "largely depends on the initiative" and the space given to him by the president.

Asked if in the event that he becomes president in 1998, he would have "a different mood" than Wasmosy, Seifart responded affirmatively, explaining that he fully understands and interprets the vice president's duties. He added: "I also understand that very close integration and identification must exist between the president of the Republic and the vice president to meet the constitutional provisions for the two posts. [passage omitted]

Peru

Peru: 2d VP Accused of Bribery in Arms Sale Case

PY1607030996 Lima EL COMERCIO in Spanish 12 Jul 96 p A1

[FBIS Translated Text] The Office of the Attorney General on 11 July criminally accused Cesar Paredes Canto, second vice president of the Republic, of bribing public administration officials in favor of the air transport companies Export Air and Fine Air.

Attorney Mirtha Chenguayen Guevara, of the Sixth Provincial Criminal Court of Lima, submitted the accusation at 1600 this afternoon to the office in charge exclusively of receiving the criminal cases at the Judicial Palace, within an environment of absolute secrecy by personnel of that office.

The file with the appropriate charges was taken from the Attorney General's office by Assistant Prosecutor

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Mario de los Rios, representing the judge of the Sixth Provincial Court.

After evaluating the documents submitted by De los Rios, officials of the office in charge of the criminal cases delegated the file to the 28th Criminal Court of Lima headed by Judge Julian Jeri Cisneros, who will hear the case.

Bribe is said to exist when state employees violate an expressed prohibition to make negotiations in favor of private interests to the detriment of public administration.

Paredes Canto is accused of having asked former Transport Minister Manuel Vara Ochoa to expedite and expand flight licenses in favor of Fine Air, a company linked to the scandal of weapons smuggled from Argentina to Ecuador, when this latter country was having an armed conflict with Peru between January and February 1995.

Likewise, Paredes is also accused of having negotiated, again with Vara Ochoa, through a letter, the renewal of freight transport service in favor of Export Air, also involved in the Argentine arms smuggle to Ecuador during the conflict on the Upper Cenepa River.

Peru: Ministry Terms Bucaram's Statement 'Encouraging'

PY1507214196 Lima EXPRESO in Spanish 12 Jul 96 p 6A

[FBIS Translated Excerpt] Peruvian Government spokesmen have said that the recent statements made by Ecuadoran President-elect Abdala Bucaram, who recently said that "the border problem with Peru is a state affair and not a government issue" are "very encouraging for the peace process."

They added: "This does not only presuppose that the Bucaram administration will uphold everything agreed to by his predecessor, Sixto Duran-Ballen, but that he will continue with the peace negotiations to try to find a definitive solution to the conflict."

They warned that in view of this Bucaram has decided to keep current Foreign Minister Galo Leoro in the cabinet in view of the latter's experience and knowledge of the issue.

Nevertheless, the sources did not reject the possibility that this decision may also reflect the absence of a serious candidate to the Ecuadoran Foreign Ministry in Bucaram's team.

About Bucaram's election as Ecuadoran president and his installation on 10 August, the Foreign Ministry source said that although Bucaram seemed to be more radical than his contender Jaime Nebot, "Bucaram always had a more conciliatory and pacifist tone in his speeches. Moreover, he has always expressed his willingness to continue with the process established in the Itamaraty Peace Declaration."

The spokesperson added: "In view of this, Bucaram was the more moderate candidate on this issue. This attitude contrasts with the bellicosity and aggressiveness with which he handled domestic policy issues." [passage omitted]

Peru: Possible Effect of Bucaram on Peace Process Viewed

PY1607035396 Lima EXPRESO in Spanish 12 Jul 96 p A31

[Article by Patricio Ricketts Rey Castro: "Bucaram in Sight"]

[FBIS Translated Text] Ecuadoran President-elect Abdala Bucaram is moving at the speed and impetus of hurricane Bertha. Taking control over that force of nature will not be easy. Our northern neighbor knows how. It is now our turn to learn. Let's prepare ourselves for the tropical storm that is already on top of us without falling into an alarmism that is out of tune and place.

Bucaram does not dislike being called "el loco" [crazy man]. But his career actually takes us more to the perplexing diagnosis Polonius made of Hamlet: There is a method to his madness. Method? Wouldn't it be better to talk about reflexes and intuition which, even though they are quick, are deliberate.

When Bucaram talks about "Chinito" [President Fujimori] and the ceviche they will enjoy eating together, it gives the impression — well calculated — of suddenness and swiftness. But it would be naive not to perceive in this a strategy of taking positions and moving without resistance. Bucaram knows how to push in the direction he wants to go. He already came to the border to celebrate his victory with new calls to "Chinito." Fujimori's congratulations, cordial and constructive, served to recover the initiative and fix the relations on a less adventurous level and therefore more controllable. The way things are, we can be sure of one thing: With Bucaram in Quito nobody will be bored in Lima. From now until the year 2000, there will be nonstop dancing. A real bash.

The contrast between Bucaram's euphoric personality and Fujimori's self-control will yield results because the two leaders advocate a quick, surprising, and strong game. So far, it is just to point out and applaud the joyful appearance of the president-elect at the border and especially his very cordial words to the Peruvian people

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and President Fujimori. His words are particularly significant because of the timing, place, and how they were said. We should accept them with recognition and sympathy, and at the same time wish Bucaram and his country the greatest success for the next four years, which are expected to be difficult ones.

This does not mean we will not follow very closely the position of the new president in relation to the demarcation of the border demanded by Peru since 1950. Bucaram summarized his position with the word "continuity." During his campaign he said that the government action in this field was correct and that he would keep Foreign Minister Galo Leoro in his position.

But last May Bucaram also said the following: "I want to be sincere and very clear: My political organization and its principles preach, since its creation as a party, the nullity of the Rio de Janeiro Protocol. In the last few years, however, there has been a strong trend to review that principle, a review I have not allowed to be violated because it is a principle advocated by Jaime Roldos, who is the patron of the party."

Therefore, the Rio de Janeiro Protocol is precisely above the very sweet words and the extremely cordial invitations because it established, ad perpetuam, with exceptional solemnity and with all the formalities and imaginable guarantees the Peruvian-Ecuadoran border. Everything else is anecdotal. No Peruvian should forget that for any reason.

Peru: Poll Shows Andrade More Popular Than Fujimori

PY1507221196 Lima EXPRESO in Spanish 11 Jul 96 p A2

[FBIS Translated Excerpt] According to a poll conducted by the Datum Inc. company a few days before starting his seventh year in government, President Alberto Fujimori enjoys the support of 62 percent of the population. This percentage is quite lower than that obtained by Lima Mayor Alberto Andrade Carmona, who obtained 78-percent support.

The poll, conducted between 29 June and 1 July, establishes that 62 percent of the 400 who were polled supports Fujimori's actions; 32 percent disapproved it, and 6 percent refused to express their opinion. According to the same polling company just one month before, 66 percent had expressed support for the president and 30 percent disapproved.

According to Datum, the president's popularity is at its lowest level this year.

In January, Fujimori obtained 76 percent support of the population and three months later, in April, it dropped to 64 percent.

The Lima mayor's situation is completely different.

According to Datum, Andrade enjoys the support of 78 percent of the population, and 19 percent disapprove of his work as Lima mayor. [passage omitted]

According to the Datum poll, Congress President Martha Chavez Cossio obtained an approval of 61 percent, thus placing her above Minister of the Presidency Jaime Yoshiyama (49 percent); Economy Minister Jorge Camet (43 percent); Education Minister Domingo Palermo (31 percent); and Prime Minister Alberto Pandolfi (27 percent).

The last places are held by Labor Minister Jorge Gonzalez Izquierdo who obtained the disapproval of 42 percent of the population and the support of 27 percent; and Energy and Mines Minister Daniel Hokama, who obtained the support of 24 percent of those polled.

Peru: Dailies Warn of Dangers of Drug Mafia Infiltration

PY1507214396

[FBIS Report] Lima GESTION in Spanish on 8 July carries on page 28 a 700-word commentary entitled "Another Shameful Finding," stating that Peruvian society has barely recovered from reports about the confiscation of a large drug cargo aboard a Peruvian Air Force plane, when it was shocked with reports about the confiscation of two cocaine shipments aboard Peruvian Navy ships.

It goes on to state that "the seriousness of the situation cannot be underestimated because the places where the confiscations were made seem to confirm the belief that drug trafficking rings have launched on offensive to infiltrate national institutions."

It adds that Peru must be alert to this danger because as was recently noted by U.S. Drug Czar Barry McCaffrey, cocaine laboratories that were formerly operating in Colombia are now transferring to Peru because 80 percent of the cocaine entering the United States is exported from Peru.

The commentary states that the consolidation of this new phase of the drug trade may force the drug mafias to adopt new strategies to elude the law. In view of this, it adds: "It may seek to expand its corruption web to involve public officials and authorities, as it did in Colombia."

It concludes that "therefore, it becomes necessary to act firmly and expeditiously to overcome this danger."

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Moreover, it urges an exhaustive investigation, a detailed information on the investigations to be conducted and severe punishments for those involved in these illegal operations to avoid undermining the prestige of the Armed Forces.

Lima LA REPUBLICA in Spanish on 8 July carries on page 7 an editorial entitled "Narcoships of Shame" on the finding of drug loads aboard two Peruvian Navy ships. It states these two incidents have shocked Peruvian public opinion because it is indicative that drug trafficking has infiltrated the Peruvian Armed Forces.

The commentary adds that it is obvious that these are no isolated incidents and that drug mafias are looking for alternate drug routes in view of tight police controls over the known drug routes.

The commentary urges Peruvian military officials to conduct an exhaustive investigation to determine the level of infiltration and to place those responsible at disposal of the courts. It also calls for the enforcement of strict customs controls on all Peruvian ships and airplanes.

The commentary concludes by stating: "But this must be done now. Let's not forget that it is the image of our Armed Forces and of Peru which are at stake. We either cut this infiltration of the drug mafias once and for all, or like Colombia, Peru will soon be facing charges of being a 'narcostate.'"

Venezuela

Venezuela: Bank Director on New Foreign Exchange Strategy

PA1407190696 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 10 Jul 96 p 2

[Report by Carolina Hidalgo]

[FBIS Translated Text] Domingo Maza Zavala, director of the Central Bank of Venezuela [BCV], has said the new foreign exchange strategy implemented on 8 July was the result of a commitment with the IMF as part of the economic plan adopted for the Venezuela Agenda.

Although the previous plan (without ranges) has met the objective of anchoring the exchange rate and transmitting confidence to exchange houses, the BCV had to start implementing the new scheme in order to comply with agreements reached with the IMF.

That same strategy, using the same proportions in the floating range, was applied for the first time in 1985 by the Group of Five to stabilize the international parity of the dollar, which at that time was affected by volatile capitals.

Consulted about the criteria used to define the scope of the floating range, Maza Zavala has said the IMF has agreed that the proportion could be of 15 percent (7.5 percent above the central parity and 7.5 percent below). He added that the BCV only participated in determining the central parity established based on the market's behavior monitored by the BCV since 22 April.

Based on this experience, it was decided that 470 bolivares per U.S. dollar would be an optimum exchange rate with which to meet the objective of maintaining a 1.5 percent inflation rate.

The high-ranking official has said the BCV's decision to rapidly intervene yesterday before the dollar could surpass the upper limit of the floating range originates from the need to adjust anomalies typical of uncertainties that tend to develop whenever a new exchange rate strategy is implemented.

"The BCV will intervene only whenever the currency starts nearing either the upper or lower limit in such a way that the exchange rate will remain at 470 bolivares."

The central bank official has said this central parity will continue to change so it may accommodate the 1.5 percent inflation target forecast in the adjustment plan. He also has reiterated that the 1.5 percent target is not an ideal inflation rate but, rather, merely an objective to accomplish.

"The most desirable situation would be for the exchange rate to fluctuate as least as possible so it can serve as an anchor that will allow us to control the inflation rate as well as other economic indicators."

Government Responsible for Delays in Replacing the Monetary Stabilization Bonds

The economist has blamed the executive branch for the delays in replacing the Monetary Stabilization Bonds (TEM's) for negotiable public debt certificates. According to his explanation, the BCV has constantly been calling on the executive branch to issue government public debt certificates, a request which still remains unanswered.

This government delay has turned out to be quite taxing on the Central Bank of Venezuela and, of course, for the country. During the first half of the year, the financial cost of the TEM's to the BCV amounted to payments of 165 billion bolivares. This permanent expense resulted in deficit accounts for the BCV by the end of last year, for the first time in its history, and it still maintains a considerable deficit in its current balances.

The TEM's would be a tempting investment to the public, would not represent any expenditures to the BCV

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because they would be guaranteed by the Republic, carry long-term maturities, and also would be negotiable in the secondary market.

Maza Zavala has said the BCV has been subject recently to strong pressures that, in his opinion, are inexplicable, because the institution has acted in line with national interests. For example, he mentioned a recent case of fraud against the BCV through the TEM's. According to Maza Zavala, the case has been exaggerated, as the amounts involved (equivalent to 20 titles) are not significant, considering that there are 2,000 documents of this type on the market.

Venezuela: Oil Tapping Agreements Signed With 8 Firms

PA1407220796 Caracas EL NACIONAL in Spanish 11 Jul 96 p E1

[Report by Ana Diaz and Victoria Blanco]

[FBIS Translated Text] The eight profit-sharing contracts signed yesterday to tap and develop new areas, along with the Venezuelan Petroleum Corporation, CVP, were signed with various oil companies from several countries. These companies have already estimated investments in compliance with minimum exploratory programs for the next two to five years.

Mobil Venezuelan Oil: It is an exploration and production subsidiary of U.S. Mobil Oil Corporation and its partners, Vebal Oel (Germany) and Nippon (Japan). It will operate in La Ceiba, Trujillo State (southwest of Lake Maracaibo). The investment commitment for the next three to five years amounts to $60 million. Mobil, which operates the consortium, owns 50 percent of the shares; Veba Oel, 30 percent; and Nippon, 20 percent. Don R. Voelte, Mobil New Exploration and Production Business vice president [name and title as published], pointed out that work will start in November in La Ceiba with seismic prospecting in a 1,000-km area and that the first drilling is slated for the first quarter of 1997.

Veba Oel: It will operate in La Ceiba with Mobil and Nippon. Of the $50 million stipulated in the minimum exploratory commitment, Veba Oel contributed $15 million, and, in the next two to three years, it expects to invest approximately $80 million. According to Veba Oel President Wilhelm Bonse Geuking [name and title as published], the company expects to start early production in 1998 and is investigating the possibility of investing in the marginal fields PDVSA [Venezuelan Petroleum Inc.] will auction off in December.

Perez Companc: It is from Argentina and signed the agreement to operate in the San Carlos region. Horacio Bogaries [name as published], who is the company's general manager in Venezuela, said that the initial investment for the next two to three years will fluctuate between $25 and $30 million. The company could contemplate early production in May 1997. It is currently working on projects in the marginal fields of the Oritupano-Leona area.

LL&E: It is a U.S. firm that, along with U.S. Benton and Canada's Norcen, will develop the Delta Center unit. The exploration investments for the next two to five years amount to $60 million, 35 percent of which will be contributed by LL&E. It expects to produce oil in the next two to three years.

ELF Acquitaine: It is a French company that will work with U.S. Conoco in Guanare and that will act as an operator. Pierre Marie Argand [name as published], who is the company's director and legal representative, pointed out that $30 million will be invested, 50 percent of which will be paid by Conoco and the other 50 percent by ELF. It expects to shorten the five-year commitment to four years.

British Petroleum [BP]: It will work as an operator, along with Amoco (United States) and Maxus (Argentina), in Guarapiche. Investments totaling $60 million are estimated as part of the share participation, which is distributed as follows: 37.5 percent by BP, 37.5 percent by Amoco, and 25 percent by Maxus.

Enron Oil & Gas Company and Inelectra: Forest E. Hoglund and Jorge Rojas [names as published], representatives of the two firms that will develop the Eastern Gulf Paria region, explained that the minimum exploratory program, which expects $5 million in investments in the next five years, will start in two to three months with 2D (bidimensional) and 3D (tridimensional) recordings of seismic lines of 1,000 and 300 square km and the drilling of two wells. [sentence as published]

Conoco: John Nicewarner [name as published], Conoco president in Venezuela, reported that the minimum exploratory program will begin in October ($30 million in five years) in the western Paria Gulf with 800 and 300 square km of 2D and 3D seismic lines. The company will start drilling two wells in the third quarter of 1997.

Amoco: Alex Weisselberg [name as published], president of Amoco's subsidiary in Venezuela, affirmed that the seismic work at Pescador Point will start during the last quarter of the year with the recording of 1,100 and 300 square km of 2D and 3D seismic lines, respectively, in addition to the drilling of two wells. All this is part of a minimum exploratory program with $40 million worth of investments in four years.

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Venezuela: Minister Says IMF Credit Based on Social Plans

PA1607004596 Caracas Venezolana de Television Network in Spanish 1530 GMT 15 Jul 96

[FBIS Translated Text] Finance Minister Raul Matos Azocar has said that the IMF Board of Directors made its decision to grant Venezuela $1.4 billion based on the social aspects of the Venezuela Agenda.

Matos Azocar said that the pertinence of the Venezuelan economic plan was recognized in the sense that it will make it possible for the national economy to recover in the next 18 months. He added that inflation will be totally under control by December of this year, and there will be economic growth of at least 2 percent in 1997.

[Begin Matos Azocar recording, broadcast in progress] ... Venezuelan society's clamor to President Caldera's government for a socially oriented economic plan will now receive firm and conclusive answers. [end recording]

The executive branch expects to receive support from the World Bank and the Inter-American Development Bank for social plans in the next few days.

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